ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors (the "Board") of Esprit Holdings Limited (the "Company") wishes to inform the shareholders of the Company and potential investors that, based on its preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (together, the "Group") for the eleven months ended 31 May 2018, the Company's management currently expects the Group to record a Loss Before Interest and Taxation ("LBIT") in the range of approximately HK$(2,170) million to HK$(2,270) million for the full financial year ending 30 June 2018 ("FY17/18"), as compared to a LBIT of HK$(102) million in the same period last year.

The anticipated LBIT is mainly attributable to the following non-recurring provisions and impairments (the "Non-recurring Provisions and Impairments") resulting from management's assessment of the fair values of the assets of the Group, and an expected operating loss of the underlying operations, as follows:-

1. As reported in the interim results for the six months ended 31 December 2017, due to the significant decline of our business in China in recent years, there was a full impairment of the remaining balance of the goodwill and customer relationships in association with the China operations of the Group of HK$(794) million before taxation. This impairment is a non-cash item.

2. As announced on 3 May 2018, the Group intends to divest the loss-making operations in Australia and New Zealand ("ANZ"). It is estimated that the intended divestment of the ANZ operations will result in one-off costs, including the provision for store closures and the impairment of stores assets, in the range of HK$(180) million to HK$(200) million;

3. Additional provisions and impairments due to the weaker than expected sales performance of directly managed retail stores for the financial year ending 30 June 2018, resulting from:-

a. Provisions for store closures and onerous leases, estimated to be in the range of HK$(175) million to HK$(185) million; and

b. Impairment of fixed assets of directly managed retail stores, estimated to be in the range of HK$(11) million to HK$(16) million;

4. Additional provision for inventory, estimated to be in the range of HK$(80) million to HK$(90) million arising from a change in the estimation methodology to reflect more appropriately the net realizable value of aged inventories;

5. Impairment in the range of HK$(30) million to HK$(35) million in association with obsolete SAP applications that have been capitalized but are no longer in use due to change in internal processes; and

6. A larger than expected operating loss as a result of higher than expected decline in the Group's revenue primarily due to decline of customers traffic to our brick and mortar stores. As a result, LBIT before the Non-recurring Provisions and Impairments for FY17/18 is estimated to be in the range of HK$(900) million and HK$(950) million.

The aforementioned Non-recurring Provisions and Impairments and expected operating loss are only based on an assessment by management and the Board based on information currently available to them, including the unaudited consolidated management accounts of the Group for the eleven months ended 31 May 2018, which have not been confirmed or reviewed by the Company's auditors as at the date of this announcement. The final results announcement of the Company for the financial year ending 30 June 2018 is expected to be released in September 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Florence Ng Wai Yin
Company Secretary

Hong Kong, 21 June 2018

As at the date of this announcement, the Board comprises (i) Dr Raymond Or Ching Fai (Executive Chairman), Mr Anders Christian Kristiansen (Group Chief Executive Officer) and Mr Thomas Tang Wing Yung (Group Chief Financial Officer) as Executive Directors; (ii) Mr Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Mr Paul Cheng Ming Fun (Deputy Chairman), Dr José María Castellano Ríos, Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt as Independent Non-executive Directors.