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ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

INSIDE INFORMATION PROFIT WARNING SIGNIFICANT REDUCTION IN TOTAL REVENUE AND LOSS

This announcement is made by Esprit Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Company for the financial period of six months from 1 July 2020 to 31 December 2020 (the “**Period**”) and information currently available to the Board, the Group is expected to record an unaudited consolidated loss of approximately HK\$280 million for the Period, as compared with the audited consolidated loss of approximately HK\$3,992 million of the Group for the year ended 30 June 2020 (“**FY19/20**”), yet the Group is expected to record a decline in its total revenue, from approximately HK\$9,874 million for FY19/20 to approximately HK\$890 million for the Period after deconsolidation of the six German subsidiaries (the “**Subject Subsidiaries**”).

The significant reduction in loss is mainly attributable to:

- i. the elimination of negative impact on exceptional items during the Period, which amounted to approximately HK\$2,340 million in FY19/20 and included write-downs of inventories, impairment loss on right-of-use assets, trademarks and goodwill, one-off costs relating to restructuring plans and the Protective Shield Proceedings (the “**PSP**”), a restructuring proceeding in self-administration, pursuant to section 270b of the German Insolvency Act on 27 March 2020 for the Subject Subsidiaries; and
- ii. a debt relief of approximately HK\$1,350 million granted to the Group due to the approval of the restructuring plans and the finalization of the PSP on 30 November 2020, which was recognized as the share of results from associates. For more details of the PSP, please refer to the announcements of the Company dated 27 March 2020, 1 November 2020 and 30 November 2020.

The significant reduction in revenue is mainly due to the de-consolidation requirements under the PSP to change the consolidation method for the Subject Subsidiaries and their fourteen subsidiaries (which contributed to over 80% of the Group's audited consolidated revenue for FY19/20 and have been operating the major markets of the Group for the Period) from full consolidation to equity method for a period of five months from 1 July 2020 to 30 November 2020 in accordance with International Financial Reporting Standards 10.25.

A third wave of surging COVID-19 cases in Europe has led to certain strict lockdown measures (including those impacting retail stores) for extended periods, which may negatively affect the financial conditions of the Group. These circumstances and uncertainties may cast a significant doubt over the Group's ability to continue as a going concern. Although the strong growth in the Company's e-commerce sector may offset part of the adverse impact on the performance of the Company's retail segment, the Group remains cautious and the management is closely monitoring the latest developments of the COVID-19 Pandemic (the "**Pandemic**") and will adjust its strategies for the Group's business operation according to its assessment on the impact of the Pandemic.

As at the date of this announcement, the Company is still in the process of finalising consolidated results of the Group for the Period. The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Period and information currently available to the Board and is not based on any figures or information which has been audited or reviewed by the independent auditors of the Company nor approved by the audit committee of the Company. Therefore, the actual results of the Group may be subject to further amendments and adjustments where necessary. Shareholders and potential investors are advised to exercise caution when using such data to evaluate the Group's financial conditions and results of operations. The Company will make update announcements in this regard if and when necessary. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the results of the Group for the Period to be published on or before 31 March 2021 in accordance with the requirements under the Listing Rules.

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

By Order of the Board
CHIU Christin Su Yi
Acting Executive Chairman

Hong Kong, 25 March 2021

Dates stated in this announcement refer to Hong Kong time unless otherwise specified.

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Ms. CHIU Christin Su Yi
Mr. DALEY Mark David
Dr. WAN Yung Ting

Independent Non-executive Directors:

Mr. CHUNG Kwok Pan
Mr. GILES William Nicholas
Ms. LIU Hang-so
Mr. LO Kin Ching Joseph