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ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 00330

INSIDE INFORMATION POSITIVE PROFIT ALERT

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**”) is pleased 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 six months ended 30 June 2021 (the “**Interim Period**”) and information currently available to the Board, the Group is expected to record an unaudited profit attributable to the shareholders of the Company of not less than HK\$110 million for the Interim Period, as compared with the unaudited loss attributable to the shareholders of the Company of approximately HK\$3,600 million for the six months ended 30 June 2020 (the “**Corresponding Period**”). This is the first profitable half-year since the financial year ended 30 June 2017.

The Group is expected to record total revenue of approximately HK\$3,800 million for the Interim Period, as compared to the total revenue of approximately HK\$4,100 million for the Corresponding Period, representing a decrease of approximately 6%. Such decrease in revenue was primarily due to i) the COVID-19 lockdown measures imposed in the major markets of the Group; and ii) the management’s decision to terminate all physical retail shop operations in the entire Asia Pacific region. Although the consumer goods industry was still facing greater pressure and challenges in the first half of 2021 due to the resurgence of the pandemic in certain countries, challenging labour market as well as climate disruptions, the Group overcame the adverse effects of significant decrease in consumer traffic and continued to firmly implement its cost control policy and development strategies, resulting in positive improvement in the overall operating conditions. This performance reflects accelerated growth in the e-commerce channel in the first half of 2021, with a 17% year-on-year increase in the segment revenue.

The anticipated turnaround from loss to profit for the first time since the annual results for the year ended 30 June 2017 is mainly attributable to:

- 1) the significant reduction of negative impact on exceptional items which included write-downs of inventories, impairment loss on right-of-use assets, trademarks, goodwill and property, plant and equipment during the Interim Period. The sum of the above exceptional items for the Corresponding Period was approximately HK\$1,800 million;

- 2) the positive results of the implementation of cost control measures by the Group;
- 3) the improvement in sales resulted from the e-commerce channel, with higher gross profit margin, for the Interim Period as compared with the Corresponding Period; and
- 4) the increase in other income which mainly included exchange gain of approximately HK\$85 million for the Interim Period.

As at the date of this announcement, the Company is still in the process of finalising the consolidated results of the Group for the Interim 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 Interim 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 Interim Period which is expected to be published on or about 24 August 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
Esprit Holdings Limited
CHIU Christin Su Yi
Acting Executive Chairman

Hong Kong, 12 August 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