PROFIT ESTIMATE

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”) and its subsidiaries (together the “Group”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on its preliminary review of the unaudited consolidated management accounts of the Group for the full financial year ended 30 June 2016 (“FY15/16”), the Company’s management currently expects the Group to record a break even in terms of net income for FY15/16.

This financial performance of the Group in FY15/16 results from the combination of three major elements:

1. Financial result of the Group’s underlying operations better than the LBIT (Loss before interest and tax) of HK$736.8 million expected by market consensus, excluding exceptional non-recurring expenses and net gains as referred to below.

2. Exceptional non-recurring expenses, related to the recent acceleration of cost restructuring measures, as follows:

   i. Staff reduction plans to reduce overhead costs have triggered one-off restructuring costs estimated to be in the range of HK$380 million to HK$400 million and the corresponding provision has already been made in FY15/16;

   ii. License agreement with Groupe Zannier to effectively develop the Esprit Kids business (as published on our Company’s website dated 2 June 2015) has triggered the impairment of the IT applications associated with the Esprit Kids division, estimated to be in the range of HK$45 million to HK$50 million;

   iii. Agreement to sublet store space on 34th Street, New York, has required a further provision between HK$130 million and HK$140 million because the contribution from the sub-lease will be less than the Group’s liabilities until the expiry of our lease; and

   iv. Decision to close certain loss-making stores in China, Hong Kong and Macau, as a result of the local economic slowdown that has significantly dampened consumer sentiment, tourist flow and sales performance of directly managed retail stores, has required corresponding provisions and impairments for store closures and onerous leases, estimated to be in the range of HK$210 million to HK$230 million.
3. Exceptional net gains of approximately HK$1,337 million comprising the following:

i. Net gain of approximately HK$725 million from the sale of the Hong Kong office premises (as announced on 21 March 2016);

ii. Write-back of tax provisions of HK$409 million as a result of favorable assessment by the Inland Revenue Department of Hong Kong concerning the taxability of the income generated by subsidiaries engaged in the distribution operation of the Group (as announced on 19 April 2016); and

iii. In addition to (ii) above, net taxation credit of approximately HK$203 million, mainly due to tax deductibility of exceptional non-recurring expenses referred to in the above and the release of tax provisions from previous' years.

The aforementioned figures are 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 FY15/16, 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 FY15/16 is expected to be released in September 2016.

Notwithstanding the exceptional items described in this announcement, the Company’s performance continues to be in line with previous guidance provided by management and with our expectations along the strategic plan to restoring the business potential of the Esprit brand and the long-term competitiveness of our Group.

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, 18 July 2016

As at the date of this announcement, the Board comprises (i) Mr Jose Manuel Martínez Gutiérrez (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) Dr Raymond Or Ching Fai (Chairman), 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.