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ESPRIT
ESPRIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
STOCK CODE: 00330

INTENDED DIVESTMENT OF AUSTRALIA AND NEW ZEALAND

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” or “Esprit”) announces that in order to strengthen its foundation for the business, Esprit intends to initiate the process to divest the loss-making operations in Australia and New Zealand (“ANZ operations”).

Divesting the ANZ operations will allow management to concentrate efforts and resources in developing other markets in Asia (e.g. China, Hong Kong, Taiwan, Singapore and Malaysia) with profitable growth opportunities for the future, and avoid incurring further losses from our non-performing operations in Australia and New Zealand. The intended divestment involves closing down 67 directly managed retail stores, including 38 concession counters in department stores and 13 off-price outlets. For the financial year ended 30 June 2017, the ANZ operations contributed HK\$297 million to the Group’s revenue, representing less than 2% of the Group’s total revenue.

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment by the Company’s management according to the information currently available to them, 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\$150 million to HK\$200 million, which is expected to have a negative impact on the results for the full financial year ending 30 June 2018. The abovementioned estimated one-off costs have not been confirmed or reviewed by the auditors of the Company.

The Board considers that the rationalization of the distribution footprint continues to be paramount in order to improve our bottom line, and that the intended divestment of the ANZ operations will allow Esprit to recharge its profit potential in the Asia Pacific region.

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, 3 May 2018

As at the date of this announcement, the Board comprises (i) Dr Raymond Or Ching Fai (Executive Chairman), 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) 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.