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ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00330)

TRADING UPDATE

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 (the “Shareholders”) and potential investors that, based on its preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2014 (the “Period Under Review”), the Group is expected to record a net profit of between HK\$40 million to HK\$50 million for the Period Under Review, as compared to a net profit of HK\$95 million for the corresponding period in the last financial year.

Based on the information currently available, the expected lower net profit is mainly attributable to a larger than expected decrease in turnover due to a combination of the following factors:

1. prolonged unusually warm weather in Europe for majority part of the Period Under Review, resulting in much lower than expected sales of our Autumn/Winter products; and
2. special return agreements in China to address aged inventory in the wholesale channel, which although completed in the first quarter, also impacted top line performance in the Period Under Review.

Notwithstanding the anticipated lower net profit in the first half of the financial year, the Group has continued to devote maximum efforts to significantly improve our products, particularly in terms of design, quality, and value for money, by implementing faster and more cost efficient product development and supply chain processes as part of a vertical business model (“New Business Model”). The New Business Model has been in place since the beginning of this financial year, in July 2014. The Spring/Summer 2015 collections, the first that have been entirely developed under the New Business Model, will arrive at stores from February onward. The products developed under the New Business Model have thus far received a positive response from our wholesale partners. While the end consumer response can only be fully tested once the products reach the shop floors, we remain confident of the progress made in our product development.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 31 December 2014 which have not been reviewed by or discussed with the auditors of the Company and that the actual results of the Group for the six months ended 31 December 2014 may be different from what is disclosed in this announcement. The interim results announcement of the Company for the six months ended 31 December 2014 is expected to be released in February 2015.

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, 20 January 2015

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 Jose María Castellano Ríos, Mr Alexander Reid Hamilton, Mr Camelo Lee Ka Sze, and Mr Norbert Adolf Platt as Independent Non-executive Directors.