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ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 00330)

UNAUDITED FY12/13 THIRD QUARTER UPDATE FOR THE NINE MONTHS ENDED 31 MARCH 2013

AND

PROFIT WARNING

THIRD QUARTER UPDATE

The board of directors (the “Board”) of Esprit Holdings Limited (the “Company”) presents the unaudited FY12/13 third quarter update of the Company and its subsidiaries for the nine months ended 31 March 2013. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Turnover by Product Divisions

Product Divisions	For the 9 months ended 31 March					
	2013		2012		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
women	7,728	38.1%	9,443	39.4%	-18.2%	-14.6%
women casual ^	5,318	26.2%	7,219	30.1%	-26.3%	-23.1%
women collection ^	2,257	11.1%	2,224	9.3%	1.5%	5.8%
trend	153	0.8%	-	-	n.a.	n.a.
men	3,181	15.7%	3,858	16.1%	-17.6%	-14.5%
men casual ^	2,456	12.1%	3,069	12.8%	-20.0%	-16.8%
men collection ^	725	3.6%	789	3.3%	-8.1%	-5.4%
edc ^	4,849	23.9%	5,901	24.5%	-17.8%	-14.1%
others*	4,514	22.3%	4,795	20.0%	-5.8%	-1.7%
Total	20,272	100.0%	23,997	100.0%	-15.5%	-11.9%

* Others include accessories, kids, shoes, bodywear, sports, de. corp, denim, salon, licensing income & licensed products like timewear, eyewear, jewellery, bed & bath, houseware, etc.

^ In FY11/12, turnover of denim was included in women casual, women collection, men casual, men collection and edc, whereas in FY12/13 denim has been grouped under a separate division called denim.

n.a. Not applicable

Turnover by Key Distribution Channels

Key Distribution Channels	For the 9 months ended 31 March					
	2013		2012		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
Retail*	11,856	58.5%	13,885	57.9%	-14.6%	-11.4%
Europe	8,723	43.0%	9,559	39.8%	-8.7%	-4.0%
Asia Pacific	2,881	14.2%	2,946	12.3%	-2.2%	-2.9%
Subtotal	11,604	57.2%	12,505	52.1%	-7.2%	-3.7%
Store closure programme	252	1.3%	761	3.2%	-66.9%	-65.4%
North America	-	-	619	2.6%	-100.0%	-100.0%
Wholesale	8,268	40.8%	9,921	41.3%	-16.7%	-12.4%
Europe	7,155	35.3%	8,618	35.9%	-17.0%	-12.2%
Asia Pacific	1,055	5.2%	1,192	5.0%	-11.5%	-10.3%
North America	58	0.3%	111	0.4%	-47.3%	-47.2%
Licensing	135	0.6%	159	0.7%	-14.5%	-13.6%
Others	13	0.1%	32	0.1%	-61.4%	-61.3%
Total	20,272	100.0%	23,997	100.0%	-15.5%	-11.9%

Retail sales include sales from e-shop in countries where available

Retail Distribution Channel by Regions (Directly Managed Retail Stores)

Regions	As at 31 March 2013		Movement since 31 March 2012		Movement since 1 July 2012		No. of comp-stores *
	No. of stores	Net sales area m ²	Year-on-year net change in no. of stores	Year-on-year change in net sales area	Net opened stores	Net change in net sales area	
Europe	371	227,112	17	5.0%	13	2.3%	200
Asia Pacific	662	114,812	15	2.5%	(6)	-1.2%	232
Subtotal	1,033	341,924	32	4.2%	7	1.1%	432
Store closure programme	19	12,244	(41)	-62.4%	(21)	-47.1%	n.a.
North America	-	-	(1)	-100.0%	-	-	n.a.
Total	1,052	354,168	(10)	-2.1%	(14)	-2.0%	432

* All e-shops within Europe are shown as 1 comparable store in Europe
n.a. Not applicable

Wholesale Distribution Channel by Regions (Controlled Space Only)

	As at 31 March 2013		Movement since 31 March 2012		Movement since 1 July 2012	
	No. of stores	Net sales area m ²	Year-on-year net change in no. of stores	Year-on-year change in net sales area	Net opened stores	Net change in net sales area
Franchise stores	1,819	351,938	(275)	-11.1%	(196)	-8.7%
Europe	959	242,226	(94)	-8.9%	(74)	-7.1%
Asia Pacific	860	109,712	(181)	-15.5%	(122)	-12.1%
Shop-in-stores	4,497	167,886	(308)	-8.2%	(247)	-6.5%
Europe	4,391	165,286	(289)	-7.9%	(242)	-6.5%
Asia Pacific	106	2,600	(19)	-21.8%	(5)	-8.9%
Identity corners	3,326	70,094	(908)	-24.0%	(741)	-20.6%
Europe	3,326	70,094	(908)	-24.0%	(741)	-20.6%
Asia Pacific	-	-	-	-	-	-
Total	9,642	589,918	(1,491)	-12.0%	(1,184)	-9.7%
Europe	8,676	477,606	(1,291)	-11.2%	(1,057)	-9.2%
Asia Pacific	966	112,312	(200)	-15.6%	(127)	-12.0%

Turnover by Regions

Regions	For the 9 months ended 31 March						Retail comp store sales growth*
	2013		2012		Change in %		
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency	
Europe	15,901	78.4%	18,203	75.8%	-12.6%	-7.9%	-2.9%
Asia Pacific	3,949	19.5%	4,170	17.4%	-5.3%	-5.5%	-3.9%
Subtotal	19,850	97.9%	22,373	93.2%	-11.3%	-7.4%	-3.0%
Store closure programme	252	1.3%	761	3.2%	-66.9%	-65.4%	n.a.
North America	170	0.8%	863	3.6%	-80.2%	-80.2%	n.a.
Total	20,272	100.0%	23,997	100.0%	-15.5%	-11.9%	-3.0%

* Exclude the directly managed retail stores covered by the store closure programme announced in previous financial years
n.a. Not applicable

Highlights of 3Q FY12/13 Performance

Turnover	Total			Excluding North America and store closure programme				
	For the 3 months ended 31 March			For the 3 months ended 31 March				
	2013	2012	Change in %	2013	2012	Change in %	Local	
Key Distribution Channels	HK\$ million	HK\$ million	HK\$	HK\$ million	HK\$ million	HK\$	currency	
Retail	3,754	4,041	-7.1%	-7.5%	3,692	3,696	-0.1%	-0.6%
Wholesale	2,912	3,194	-8.8%	-9.6%	2,912	3,167	-8.0%	-8.8%
Licensing	48	52	-8.5%	-8.5%	8	9	-21.5%	-21.3%
Others	4	11	-58.5%	-59.0%	4	11	-58.5%	-59.0%
Total	6,718	7,298	-7.9%	-8.5%	6,616	6,883	-3.9%	-4.5%

During the quarter ended 31 March 2013 ("3Q FY12/13"), comparable store sales decline narrowed to -1.5% (1H FY12/13: -3.6%). This better retail sales performance in 3Q FY12/13 was mainly attributed to a combination of factors: i) early arrival of Easter Holiday in late March this year as compared to April last year; and ii) more aggressive promotional activities.

In terms of wholesale, the narrowing of the decline in turnover to -9.6% in 3Q FY12/13 (1H FY12/13: -13.7%) is mainly attributable to the favourable impact from wholesale support measures.

In terms of profitability, due to the promotional activities and wholesale support measures, the Group's gross profit margin for 3Q FY12/13 recorded a slight decline year-on-year.

Profit Warning

Based on its review of the unaudited consolidated management accounts of the Group for the nine months ended 31 March 2013, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial loss in the second half of the financial year ending 30 June 2013 which would result in an overall substantial loss for the Group in respect of the financial year ending 30 June 2013. The anticipated loss in the second half of the financial year ending 30 June 2013 is mainly due to the following non-recurring provisions and impairments resulting from

management's assessment of the fair values of the assets of the Group, as well as a larger than expected operating loss:

- i) Due to the current development of our China business, there is an impairment of the goodwill arising from the acquisition of the remaining interests of associated companies in China, estimated to be in the range of HK\$1,800 million to HK\$2,000 million;
- ii) The provisions and impairments as a result of management's decision to additionally close around 16 loss-making stores, estimated to be in the range of HK\$250 million to HK\$300 million;
- iii) Provision for onerous contracts made in accordance with IAS 37 in relation to approximately 44 loss-making stores' leases, estimated to be in the range of HK\$200 million to HK\$220 million; and
- iv) Additional provision for inventory, estimated to be in the range of HK\$220 million to HK\$240 million, arising from a change in the estimation methodology to reflect more appropriately the net realizable value of aged inventories.

These impairment charges and provisions, majority of which are non-cash items, are only 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 the nine months ended 31 March 2013, which have not been confirmed or reviewed by the Company's auditors as at the date of this announcement.

The management team remains committed to working on the short-term and medium-term initiatives as mentioned in the FY12/13 interim report in order to revitalize the business, with particular focus on product improvement as a priority, and to make adaptations and fine tuning wherever necessary in order to react to the market conditions and to our business development.

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, 7 May 2013

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) Mr Raymond Or Ching Fai (Chairman), Mr Paul Cheng Ming Fun (Deputy Chairman), Mrs Eva Cheng Li Kam Fun, Mr Alexander Reid Hamilton and Mr Norbert Adolf Platt as Independent Non-executive Directors.