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**UNAUDITED FY11/12 THIRD QUARTER UPDATE
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

- **SUCCESSFUL DIVESTMENT OF NORTH AMERICAN RETAIL OPERATION RESULTS IN A NET WRITE-BACK OF APPROXIMATELY HK\$700 MILLION**
- **RETAIL COMPARABLE STORE SALES GROWTH IN EUROPE IMPROVED TO POSITIVE 2.8% IN THE THIRD QUARTER**

THIRD QUARTER UPDATE

The Company is pleased to present the unaudited FY11/12 third quarter update of the Company and its subsidiaries for the nine months ended 31 March 2012. 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.

Turnover by Regions

Regions	For the 9 months ended 31 March				Change in %		Retail comp store sales growth*
	2012		2011		Local		
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	currency	
Europe	18,864	78.6%	20,452	79.1%	-7.8%	-9.5%	-2.5%
Asia Pacific	4,270	17.8%	4,496	17.4%	-5.0%	-8.6%	-7.1%
North America	863	3.6%	916	3.5%	-5.8%	-6.4%	n.a.
Total	23,997	100.0%	25,864	100.0%	-7.2%	-9.3%	-3.0%

n.a. Not applicable

* Exclude the directly managed stores covered by the store closure programs announced in FY09/10 and FY10/11 and directly managed stores in North America and the e-shop in the United States, which are considered non-comparable stores as a result of management decision to divest the operations in North America

Turnover by Key Distribution Channels

Key Distribution Channels	For the 9 months ended 31 March				Change in %	
	2012		2011		Local	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	currency
Retail [#]	13,885	57.9%	14,246	55.1%	-2.5%	-4.5%
Wholesale	9,921	41.3%	11,440	44.2%	-13.3%	-15.5%
Licensing	159	0.7%	141	0.6%	12.0%	11.9%
Others	32	0.1%	37	0.1%	-11.7%	-14.1%
Total	23,997	100.0%	25,864	100.0%	-7.2%	-9.3%

[#] Retail sales includes sales from e-shop in countries where available

Turnover by Products

Product Divisions	For the 9 months ended 31 March				Change in %	
	2012		2011		Local	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	currency
women	9,443	39.4%	10,572	40.9%	-10.7%	-13.0%
women casual	7,219	30.1%	8,511	32.9%	-15.2%	-17.5%
women collection	2,224	9.3%	2,061	8.0%	7.9%	5.6%
men	3,858	16.1%	4,069	15.7%	-5.2%	-7.4%
men casual	3,069	12.8%	3,310	12.8%	-7.3%	-9.5%
men collection	789	3.3%	759	2.9%	4.0%	1.4%
edc	5,901	24.5%	6,292	24.3%	-6.2%	-7.9%
others*	4,795	20.0%	4,931	19.1%	-2.8%	-4.5%
Total	23,997	100.0%	25,864	100.0%	-7.2%	-9.3%

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

Key Distribution Channels by Regions

As at 31 March 2012	Retail				Comp stores**
	Directly managed stores				
	No. of stores	Net sales area m ²	Net opened stores*	Net change in net sales area*	No. of stores
Esprit					
Europe	354	216,259	11	3.6%	259
Asia Pacific	647	112,012	32	3.0%	267
Total[^]	1,001	328,271	43	3.4%	526

* Net change from 30 June 2011

** All e-shops within Europe are shown as 1 comparable store in Europe

[^] Exclude North America and store closure programs

Key Distribution Channels by Regions (continued)

As at 31 March 2012	Wholesale (controlled space only)															
	Franchise stores				Shop-in-stores				Identity corners				Total			
Regions	No. of stores	Net sales area m ²	Net opened stores*	Net change in net sales area*	No. of stores	Net sales area m ²	Net opened stores*	Net change in net sales area*	No. of stores	Net sales area m ²	Net opened stores*	Net change in net sales area*	No. of stores	Net sales area m ²	Net opened stores*	Net change in net sales area*
Esprit																
Europe	1,053	265,860	(55)	-4.6%	4,680	179,536	(160)	-5.6%	4,234	92,189	(383)	-10.4%	9,967	537,585	(598)	-5.9%
Asia Pacific	1,041	129,801	37	1.6%	125	3,327	(10)	-7.4%	-	-	-	-	1,166	133,128	27	1.4%
Total	2,094	395,661	(18)	-2.6%	4,805	182,863	(170)	-5.6%	4,234	92,189	(383)	-10.4%	11,133	670,713	(571)	-4.6%

* Net change from 30 June 2011

Transformation Plan making good progress - Third quarter improvements in retail and wholesale

For the three months ended 31 March 2012 (“the third quarter”), Group turnover posted a year-on-year decline of -7.8% in local currency (1H FY11/12: -10.0%). Retail comparable store sales growth improved to positive 0.5% in the third quarter (1H FY11/12: -4.6%), led by positive 2.8% retail comparable store sales increase in Europe. Wholesale turnover decline also narrowed to -13.1% in local currency during the third quarter (1H FY11/12: -16.7%).

As at 31 March 2012, net cash position increased to HK\$1,618 million (31 December 2011: HK\$1,055 million).

Our Transformation Plan 2014/15 continues to make good progress. Following the good response to our marketing campaigns in the first half of the financial year, we continued our marketing efforts in sharpening the Esprit brand. Highlights of the quarter included our new TV campaign featuring Gisele Bündchen, which was introduced in Germany, Belgium, Netherlands, France and China in March 2012.

The key performance indicators of our first Lighthouse store concept in Cologne continue to show considerable year-on-year improvement. Building on this successful launch, 14 existing directly managed retail stores were selected for further roll-out in the second half of the financial year, out of which, 5 had already undergone refurbishment and were re-opened in Amsterdam, Antwerp, Den Haag, Vienna and Hamburg.

The China design centre and the Trend division are progressing according to plan and will deliver their first collections in stores in August and September 2012 respectively. In sourcing, our central buying function has started to operate since March 2012 as part of our sourcing strategy to save approximately HK\$1 billion per annum by FY14/15.

Successful divestment of North American retail operation

Our plan to divest the retail operation in North America is completed. All retail stores in North America were closed as at 31 March 2012, except one in the United States, which was subsequently closed in April 2012. Due to favorable out of court settlements with landlords and various parties, including approximately 1,600 employees, we managed to finalize the closure costs well within the provisions made previously and within our expected time frame. As a result, there will be a write-back, net of related closure expenses, of approximately HK\$700 million.

By Order of the Board
Florence Ng Wai Yin
Company Secretary

Hong Kong, 9 May 2012

As at the date of this announcement, the Board comprises (i) Mr Ronald van der Vis (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 Hans-Joachim Körber (Chairman), Mr Paul Cheng Ming Fun (Deputy Chairman), Mr Alexander Reid Hamilton and Mr Raymond Or Ching Fai as Independent Non-executive Directors.