Final results for the financial year ended 30 June 2010

2 September 2010
1. Highlights for the financial year ended 30 June 2010
2. Results highlights
3. Update on Six Strategic Initiatives
5. Outlook
6. Q&A
• Retail turnover grew 9.3% yoy in HKD despite tough macro
• Total retail space increased by 7.6% or 23,890 m² yoy (excl. China)
• Esprit wholesale space flat yoy (excl. China)
• Continued strengthening of wholesale channel mix:
  • franchise space + 6.3% yoy (excl. China)
• Gross profit margin up 2.6% pts to 54.7%
• Inventory balance dropped 18.1% yoy; inventory turnover: 63 days (-2 days)
• Net trade debtors balance declined 21.4% yoy
• Cash flow from operating activities grew 2.7% yoy to HK$5.4 billion
• Cash and bank balance increased from HK$4.8 billion to HK$6.7 billion
• New and transparent dividend policy - regular payout ratio: 60% going forward
Highlights for the financial year ended 30 June 2010 -- operational

- Acquisition of remaining 51% interest in China JV (pro forma APAC turnover 16%)
- China integration on track. Focus shifts towards fast expansion
- Six Strategic Initiatives launched
- Detailed and actionable game plans ready for implementation
- Provision made to restructure key loss-making stores/countries
- New flagship stores in Hong Kong and New York
- Successful T-shirt bundling pilot to reduce COGS
- New organization structure to strengthen multi-channel distribution
2. RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010
Results highlights
Impacted by exceptional events

(HK$)

<table>
<thead>
<tr>
<th></th>
<th>30 June 2010</th>
<th>30 June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>33,734m</td>
<td>34,485m</td>
</tr>
<tr>
<td>Gross profit</td>
<td>18,436m</td>
<td>17,962m</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>5,474m</td>
<td>5,977m</td>
</tr>
<tr>
<td>Net profit</td>
<td>4,226m</td>
<td>4,745m</td>
</tr>
<tr>
<td>EPS (Basic)</td>
<td>3.35</td>
<td>3.72</td>
</tr>
<tr>
<td>Net cash balance</td>
<td>4,148m</td>
<td>4,840m</td>
</tr>
</tbody>
</table>
**Overall operating and net profits are impacted by exceptional events**

<table>
<thead>
<tr>
<th></th>
<th>Before exceptional events</th>
<th>Impact from acquisition of China JV</th>
<th>Store closure cost</th>
<th>Impairment of stores/assets</th>
<th>Tax under provision for prior years</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>33,734m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,734m</td>
</tr>
<tr>
<td><strong>Operating profit / EBIT</strong></td>
<td>4,905m</td>
<td>-23m</td>
<td>-793m</td>
<td>-303m</td>
<td>-</td>
<td>3,786m</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>5,007m</td>
<td>1,563m</td>
<td>-793m</td>
<td>-303m</td>
<td>-</td>
<td>5,474m</td>
</tr>
<tr>
<td><strong>Profit after taxation</strong></td>
<td>3,691m</td>
<td>1,569m</td>
<td>-719m</td>
<td>-261m</td>
<td>-54m</td>
<td>4,226m</td>
</tr>
</tbody>
</table>

* Store closure cost in relation to the closure of 33 loss making stores
Turnover by Regions

% to Group turnover (Last Year) // turnover in HK$ // ▲▼ % HK$ growth

North America

3% (LY 3%)
▲ 11.6% yoy
HK$1,079m (LY HK$967m)

Asia Pacific

14% (LY 12%)
▲ 11.5% yoy
HK$4,634m (LY HK$4,155m)

Europe

83% (LY 85%)
▼ 4.6% yoy
HK$28,021m (LY HK$29,363m)
Total estimated Esprit brand sales ~ HK$60.1bn

% to Group turnover // turnover in HK$

Reported turnover
HK$33.7bn

Brand sales
HK$60.1bn*

Wholesale
46%

Retail
53%

Licensing & Others
1%

FY09/10

* Management estimation - converting wholesale and licensing revenue to retail sales value of the brand Esprit
Retail turnover grew 9.3% - solid growth in all regions

Retail turnover growth ▲ 9.3% in HK$

Retail turnover growth ▲ 6.4% in LCY

% to Retail turnover (Last Year) // turnover in HK$

Europe 79% (LY 81%)  HK$14,090m
Asia Pacific 17% (LY 15%)  HK$3,023m
North America 4% (LY 4%)  HK$764m

Retail turnover
HK$17,877m
Comp. store sales slightly down 2.4%

<table>
<thead>
<tr>
<th>Comp-store sales growth</th>
<th>No of comp store</th>
<th>YoY chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-2.2%</td>
<td>258</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-4.2%</td>
<td>379 *</td>
</tr>
<tr>
<td>North America</td>
<td>0.7%</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-2.4%</strong></td>
<td><strong>698</strong></td>
</tr>
</tbody>
</table>

* Included 159 comp stores in China as at 30 June 2010

**Key drivers:**

- Started with higher base of positive 3.5% comp store sales growth last year
- Economic climate in Europe continues impacting consumer confidence:
  - Decline in footfall traffic
  - Slight decline in average price per transaction
- Significant increase in conversion rate thanks to better products and retail operations
- Q3 impacted by cold weather conditions in Europe
China acquisition enlarged retail portfolio by 23.1%; Autonomous expansion on target with 7.6%

<table>
<thead>
<tr>
<th>Directly managed retail stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>POS Number</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Europe</td>
</tr>
<tr>
<td>Asia Pacific (excl. China)</td>
</tr>
<tr>
<td>North America</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Group total</td>
</tr>
</tbody>
</table>

^ 288 Esprit franchise stores were reclassified as Esprit directly managed retail stores as a result of the acquisition of the remaining interest in China operation
Wholesale turnover down 12.7%, in-line with expectations

% to Wholesale turnover (Last Year)  // turnover in HK$

<table>
<thead>
<tr>
<th>Region</th>
<th>Wholesale turnover growth</th>
<th>Turnover HK$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-13.3%</td>
<td>HK$13,903m</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-9.0%</td>
<td>HK$1,566m</td>
</tr>
<tr>
<td>North America</td>
<td>4.2%</td>
<td>HK$162m</td>
</tr>
</tbody>
</table>

Wholesale turnover growth  ▼12.7% in HK$

<table>
<thead>
<tr>
<th>Region</th>
<th>Wholesale turnover growth</th>
<th>Turnover LCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-14.7%</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>-12.2%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>-4.1%</td>
<td></td>
</tr>
</tbody>
</table>
Key drivers behind wholesale turnover development

- • Existing customers ordering less due to tough macro environment and weak market sentiment

- • Change in customer buying behavior led to shift in order mix from pre-order to short lead-time orders

- • Rationalization of customer base

+ • month by month improvement in Order Intake from July to November 2010
**Continued strengthening of the wholesale channel:**
franchise store area (excl. China) +6.3%

<table>
<thead>
<tr>
<th></th>
<th>Franchise stores</th>
<th>Shop-in-stores</th>
<th>Identity corners</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net sales area (m²)</td>
<td>Net change in net sales area* (m²)</td>
<td>Net sales area (m²)</td>
<td>Net change in net sales area* (m²)</td>
<td>Net sales area (m²)</td>
</tr>
<tr>
<td>Esprit Europe</td>
<td>315,445</td>
<td>8.0%</td>
<td>204,083</td>
<td>-2.6%</td>
<td>113,298</td>
</tr>
<tr>
<td>Esprit Asia Pacific (excl. China)</td>
<td>34,712</td>
<td>-6.3%</td>
<td>9,765</td>
<td>-5.8%</td>
<td>60</td>
</tr>
<tr>
<td>Esprit North America</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>350,157</strong></td>
<td><strong>6.3%</strong></td>
<td><strong>213,848</strong></td>
<td><strong>-2.8%</strong></td>
<td><strong>113,358</strong></td>
</tr>
</tbody>
</table>

* Net change from 30 June 2009
Gross profit margin up 2.6%pts

Key drivers:

Change in channel mix helped GP margin but diluted operating profit margin

<table>
<thead>
<tr>
<th>Turnover split (%)</th>
<th>FY09/10</th>
<th>FY08/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail : Wholesale</td>
<td>53 : 46</td>
<td>47 : 52</td>
</tr>
</tbody>
</table>

- Increase in wholesale and retail gross profit margins
- Provision of closure costs of 33 loss making stores of HK$793 million and impairment of stores/assets of HK$303 million
Retail EBIT margin impacted by exceptional events
Wholesale EBIT margin constrained by lower sales

**Retail EBIT margin***
- 10.9%
- 9.9% (excl. exceptional events)
- 3.8%

**Wholesale EBIT margin***
- 27.3%
- 25.4%

**Key drivers:**
- HK$793 million provision for the closure costs of 33 loss making retail stores
- HK$303 million impairment of stores/assets

**Key driver:**
- Margin pressure due to leveraging effect and bad debt provision

* Retail and wholesale EBIT margins for the financial year ended 30 June 2009 was restated as the basis of EBIT and EBIT margin have been changed as a result of the adoption of the new IFRS 8 “Operating Segments”
Strong growth in cash & bank balance

(HK$m)

Beginning balance                              4,840  6,521
Net cash inflow from operating activities      5,412  5,272
Net cash used in investing activities          (4,429) (1,698)
Net cash inflow from / (used in) financing activities  1,296  (5,129)
Net increase / (decrease) in cash and cash equivalents  2,279  (1,555)
Effect of change in exchange rates              (371)  (126)
Ending balance                                  6,748  4,840

Included HK$3.6bn of partial payment for acquisition of the remaining interest in China Joint Venture
Included HK$2.6bn of proceeds from bank loans
Continued decline in inventory and net trade debtors balance

Inventory turnover days improved

For the financial year ended

30 June 2010: 63 days
30 June 2009: 65 days

Including HK$166m inventory in China

Inventory Balance (HK$m)

Net trade debtors balance (HK$m)

Net trade debtors ageing
As at 30 June

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>78.4%</td>
<td>79.3%</td>
</tr>
<tr>
<td>1 - 30 days</td>
<td>6.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>31 - 60 days</td>
<td>4.1%</td>
<td>4.5%</td>
</tr>
<tr>
<td>61 - 90 days</td>
<td>2.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Over 90 days</td>
<td>8.2%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
A new and transparent dividend policy
Higher regular payout ratio: 60% going forward

Dividend for the financial year ended 30 June 2010

Net earnings
HK$m
4,226

Adjusted for:
(i) Impact from acquisition of China JV
(1,563)
(ii) Impairment of stores/assets^  303

Adjusted net earnings
2,966

Adjusted EPS (HK$)
2.35

Dividend payout ratio
60%

Regular DPS (HK$)
1.41

Minus
Interim DPS paid (HK$)
0.74

Final DPS proposed (HK$)
0.67

* % of EPS for the financial year ended 30 June 2009 is calculated based on EPS which exclude the impact of about 31 million scrip shares issued on 15 January 2010 in relation to special dividend of FY08/09

^ Represents impairment of stores/assets for stores other than the 33 loss making retail stores under the store closure program
3. Update on Six Strategic Initiatives

Vision – To become a truly global company and brand

ESPRIT is an international, youthful lifestyle brand offering smart, affordable luxury and bringing newness and style to life

Achieving our vision requires a global brand and global execution across channels and regions
Six Strategic Initiatives – Strengthening our platform for growth

1. **Global brand**
   - Strengthening brand equity and improving shopping experience to drive traffic and customer loyalty

2. **Products**
   - Improving product differentiation and newness to grow sales per sqm

3. **Channel and country**
   - Ensuring better execution of the multichannel strategy to fuel growth and profitability

4. **Cost of goods sold**
   - Achieving savings in sourcing across divisions

5. **Support functions**
   - Establishing best-in-class backbone for growth

6. **Organization and structure**
   - Ensuring better alignment and global execution across product divisions, regions, and channels
4. CHINA: A NEW GROWTH MARKET
Esprit has a leading position in China, the fastest growing apparel market in the world.

<table>
<thead>
<tr>
<th></th>
<th>Proforma Full Year</th>
<th>Actual Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Turnover (HK$m)</td>
<td>1,640</td>
<td>886</td>
</tr>
<tr>
<td>% of total</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>No of cities</td>
<td>6</td>
<td>163</td>
</tr>
<tr>
<td>No of POS*</td>
<td>288</td>
<td>643</td>
</tr>
</tbody>
</table>

* Excluding Red Earth and Esprit salons as of 30 June 2010

- Esprit is one of the top apparel brands in China
- Market is very fragmented
First integrate, then accelerate

Integration phase
- Align business KPIs, systems, processes, and reporting with global best practices
  - Optimize divisional split
  - Align and install operational KPIs
  - Identify merchandizing opportunities to gain cost benefit and brand consistency
  - Develop detailed expansion plan

Accelerated growth phase
- Drive expansion across all channels and levers
  - Execute detailed expansion plan
  - Improve operational KPIs
  - Expansion is to be self-funded, no capital injection required

Today
Strengthening our leading position in China

Targeting to at least double the annual turnover in 5 years

Key drivers

- Further penetration into existing retail cities
- Further penetration into existing franchise cities
- Expand footprint to non-represented regions via retail and franchise
- To expand from an existing base of 169 cities to over 400 cities
- EBIT margins to improve from low-teens to high-teens
Vast potential to be untapped

1) Retail

<table>
<thead>
<tr>
<th>City</th>
<th>POS</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>115</td>
<td>18.88M</td>
</tr>
<tr>
<td>Beijing</td>
<td>98</td>
<td>16.95M</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>25</td>
<td>10.18M</td>
</tr>
<tr>
<td>Chengdu</td>
<td>21</td>
<td>11.30M</td>
</tr>
<tr>
<td>Dalian</td>
<td>19</td>
<td>6.20M</td>
</tr>
<tr>
<td>Chongqing</td>
<td>10</td>
<td>28.39M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>288</td>
<td>91.90M</td>
</tr>
</tbody>
</table>

2) Franchise

- 163 cities, 643 POS (avg. 3.95 POS per city)
- e.g., Linyi: 1 POS, 10.23M population
- e.g., Harbin: 9 POS, 9.90M population

3) Non-represented

- 242 cities, 0 POS
- e.g., Changde: 0 POS, 6.00M population
- Xianyang: 0 POS, 4.80M population

Total over 400

*Source: National Bureau of Statistics of China, and Wikipedia*
Capture growth opportunities with detailed expansion plan

Retail
Expand into at least 4 other major cities
No of POS and selling space to increase by at least over 70% in the next 5 years

Franchise
- Expand from 163 to over 400 cities focusing mainly on tier 3-5 cities with existing franchise model
- No of POS and selling space to increase by at least over 65% in the next 5 years
E-commerce to complement other channels

- Maintain existing business model as clearance of excess inventory through the first half of FY11/12
  - Improve brand image and look & feel
  - Provide additional merchandising and planning support
- Preparing Esprit branded e-Shop similar to European and North American business model
- Launch is scheduled for 2nd half of FY11/12
Potential stage 2 of expansion in China

Exploring further potential for a lower priced, China specific line

- For e-Shop, pricing in the Chinese e-Commerce world is currently lower than in offline retailing
- Enables further franchise penetration into under represented tier 3-5 cities for further upside and market share growth
5. OUTLOOK
Outlook

- **Retail**
  - 5-10% yoy space growth
  - Timing of closure of 33 stores depends on final negotiation with landlords

- **Wholesale**
  - Order Intake for Jul – Nov 2010 shows around mid-single digit % decline
  - Order book is improving month by month to Nov 2010, particularly strong in flash and repeats orders

- **Capital expenditure**
  - ~HK$2.2 billion including HK$1.1 billion on retail expansion for approximately 100 new stores and store refurbishment
Largest ESPRIT store in the world is coming to Frankfurt on 15 September 2010
Appendix - Corporate calendar

- Last day of trading on a “cum” basis: 15 Nov 2010
- Ex-dividend date: 16 Nov 2010
- Fixing of Dividend Reinvestment Price: 11 Nov 2010 – 17 Nov 2010 (both days inclusive)
- Book close: 18 Nov 2010 – 24 Nov 2010 (both days inclusive)
- Despatch of Election Form: On or around 30 Nov 2010
- Election Period: 30 Nov 2010 – 15 Dec 2010 (both days inclusive)
- Dividend payment: On or around 29 Dec 2010