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ESPRIT

ESPRIT HOLDINGS LIMITED

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

UNAUDITED FY15/16 THIRD QUARTER UPDATE FOR THE NINE MONTHS ENDED 31 MARCH 2016

THIRD QUARTER UPDATE

The board of directors (the “Board”) of Esprit Holdings Limited (the “Company”) presents the unaudited FY15/16 third quarter update of the Company and its subsidiaries (the “Group”) for the nine months ended 31 March 2016. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Revenue by product division

Product divisions	For the 9 months ended 31 March					
	2016		2015		Change in %	
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency
women	6,178	45.1%	6,624	43.5%	-6.7%	3.4%
women casual	4,169	30.4%	4,445	29.2%	-6.2%	4.0%
women collection	1,677	12.3%	1,802	11.8%	-7.0%	3.0%
trend #	332	2.4%	377	2.5%	-12.0%	-2.1%
men	1,866	13.6%	2,211	14.5%	-15.6%	-7.0%
men casual	1,516	11.1%	1,780	11.7%	-14.8%	-6.1%
men collection	350	2.5%	431	2.8%	-18.7%	-10.5%
others *	2,529	18.4%	2,887	19.0%	-12.4%	-3.1%
Esprit Total	10,573	77.1%	11,722	77.0%	-9.8%	-0.2%
edc	3,132	22.9%	3,504	23.0%	-10.6%	-0.8%
Group Total	13,705	100.0%	15,226	100.0%	-10.0%	-0.3%

The Trend Division was set up as a laboratory to test our fast-to-market product development processes. The lessons we have learned have been applied to other product divisions under the Women segment, hence it is more meaningful to interpret the combined performance of these product divisions

* Others mainly include shoes, accessories, bodywear, kids, licensing income and licensed products such as timewear, eyewear, jewelry, bed & bath, houseware, etc.

Revenue by region and by distribution channel

	For the 9 months ended 31 March						Net change in net sales area [^]
	2016		2015		Revenue Change in %		
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency	
Germany	6,511	47.5%	7,149	47.0%	-8.9%	1.9%	-7.0%
Retail #	4,135	30.2%	4,289	28.1%	-3.6%	7.9%	-1.5%
Wholesale *	2,362	17.2%	2,849	18.8%	-17.1%	-7.4%	-10.1%
Licensing	14	0.1%	11	0.1%	32.7%	44.3%	n.a.
Rest of Europe	5,013	36.6%	5,519	36.2%	-9.2%	0.9%	-10.1%
Retail #	2,965	21.6%	2,984	19.6%	-0.6%	10.1%	-11.9%
Wholesale	2,041	14.9%	2,527	16.5%	-19.2%	-9.9%	-9.1%
Licensing and others	7	0.1%	8	0.1%	-13.8%	-2.3%	n.a.
Asia Pacific	2,091	15.3%	2,461	16.2%	-15.0%	-9.1%	-14.9%
Retail #	1,939	14.2%	2,220	14.6%	-12.6%	-6.6%	-8.9%
Wholesale	152	1.1%	241	1.6%	-36.9%	-32.4%	-29.8%
North America **	90	0.6%	97	0.6%	-6.8%	-6.9%	n.a.
Total	13,705	100.0%	15,226	100.0%	-10.0%	-0.3%	-9.6%
Retail # @	9,039	66.0%	9,493	62.3%	-4.8%	5.2%	-7.1%
Wholesale	4,555	33.2%	5,617	36.9%	-18.9%	-9.6%	-11.5%
Licensing and others	111	0.8%	116	0.8%	-3.6%	-1.8%	n.a.

[^] Net change since 1 April 2015

Retail revenue includes revenue from e-shops in countries where available

* Since FY15/16, our German wholesale operation team has taken over the management of the wholesale business in other European countries, mainly Bosnia-Herzegovina, Slovenia, Romania and Bulgaria. As a consequence, for the nine months ended 31 March 2016, wholesale revenue from these European countries has been re-grouped from Rest of Europe to Germany. Comparative figures have been restated accordingly

** Revenue from North America represents third party licensing income that mainly comes from Asia Pacific and Rest of Europe

@ Include revenue from e-shops of HK\$3,045 million and HK\$2,956 million for the nine months ended 31 March 2016 and 31 March 2015 respectively

n.a. Not applicable

Retail distribution channel by region (directly managed retail stores)

	As at 31 March 2016					
	No. of stores	Net opened stores [^]	Net sales area (m ²)	Net change in net sales area [^]	No. of comp-stores	Comp-store sales growth
Germany *	149	(2)	121,164	-1.5%	129	8.0%
Rest of Europe	149	(38)	90,438	-11.9%	115	11.8%
Asia Pacific *	505	(45)	92,279	-8.9%	249	2.8%
Total	803	(85)	303,881	-7.1%	493	8.6%

[^] Net change since 1 April 2015

* All e-shops within Europe (i.e. Germany and Rest of Europe), the e-shop in China and the e-shop in Australia are shown as one comparable store in Germany and two comparable stores in Asia Pacific respectively

Wholesale distribution channel by region (controlled space only)

	As at 31 March 2016			
	No. of stores	Net change in no. of stores [^]	Net sales area (m ²)	Net change in net sales area [^]
Germany *	4,491	(225)	195,154	-10.1%
Franchise stores	259	(39)	64,034	-16.3%
Shop-in-stores	2,828	(148)	104,576	-7.7%
Identity corners	1,404	(38)	26,544	-2.4%
Rest of Europe	2,652	(97)	160,468	-9.1%
Franchise stores	494	(57)	101,659	-12.4%
Shop-in-stores	1,034	17	32,569	2.5%
Identity corners	1,124	(57)	26,240	-8.2%
Asia Pacific	247	(94)	28,730	-29.8%
Franchise stores	247	(94)	28,730	-29.8%
Total	7,390	(416)	384,352	-11.5%
Franchise stores	1,000	(190)	194,423	-16.7%
Shop-in-stores	3,862	(131)	137,145	-5.5%
Identity corners	2,528	(95)	52,784	-5.4%

[^] Net change since 1 April 2015

* Controlled wholesale point-of-sales and space in other European countries, mainly Bulgaria, Slovenia and Bosnia-Herzegovina, have been re-grouped from Rest of Europe to Germany. Comparative figures have been restated accordingly

Highlights for the three months ended 31 March 2016 (“3Q FY15/16”)

The table below sets forth a summary of sales performance by region and by channel for the 3Q FY15/16.

	For the 3 months ended 31 March						Net change in net sales area [^]
	2016		2015		Revenue Change in %		
	HK\$ million	% to Group Revenue	HK\$ million	% to Group Revenue	HK\$	Local currency	
Germany	2,066	47.1%	2,047	45.4%	0.9%	2.7%	-7.0%
Retail #	1,230	28.0%	1,180	26.2%	4.2%	6.0%	-1.5%
Wholesale *	829	18.9%	863	19.1%	-4.0%	-2.2%	-10.1%
Licensing	7	0.2%	4	0.1%	126.8%	131.2%	n.a.
Rest of Europe	1,630	37.1%	1,602	35.5%	1.8%	4.3%	-10.1%
Retail #	918	20.9%	826	18.3%	11.2%	14.1%	-11.9%
Wholesale	710	16.2%	774	17.2%	-8.2%	-6.0%	-9.1%
Licensing and others	2	0.0%	2	0.0%	-37.3%	-36.0%	n.a.
Asia Pacific	667	15.2%	831	18.4%	-19.7%	-15.3%	-14.9%
Retail #	632	14.4%	767	17.0%	-17.6%	-13.0%	-8.9%
Wholesale	35	0.8%	64	1.4%	-45.4%	-43.7%	-29.8%
North America **	28	0.6%	30	0.7%	-8.2%	-8.4%	n.a.
Total	4,391	100.0%	4,510	100.0%	-2.6%	-0.1%	-9.6%
Retail # @	2,780	63.3%	2,773	61.5%	0.2%	3.1%	-7.1%
Wholesale	1,574	35.9%	1,701	37.7%	-7.5%	-5.5%	-11.5%
Licensing and others	37	0.8%	36	0.8%	2.5%	2.8%	n.a.

[^] Net change since 1 April 2015

Retail revenue includes revenue from e-shops in countries where available

* Since FY15/16, our German wholesale operation team has taken over the management of the wholesale business in other European countries, mainly Bosnia-Herzegovina, Slovenia, Romania and Bulgaria. As a consequence, for the three months ended 31 March 2016, wholesale revenue from these European countries has been re-grouped from Rest of Europe to Germany. Comparative figures have been restated accordingly

** Revenue from North America represents third party licensing income that mainly comes from Asia Pacific and Rest of Europe

@ Include revenue from e-shops of HK\$984 million and HK\$896 million for the three months ended 31 March 2016 and 31 March 2015 respectively

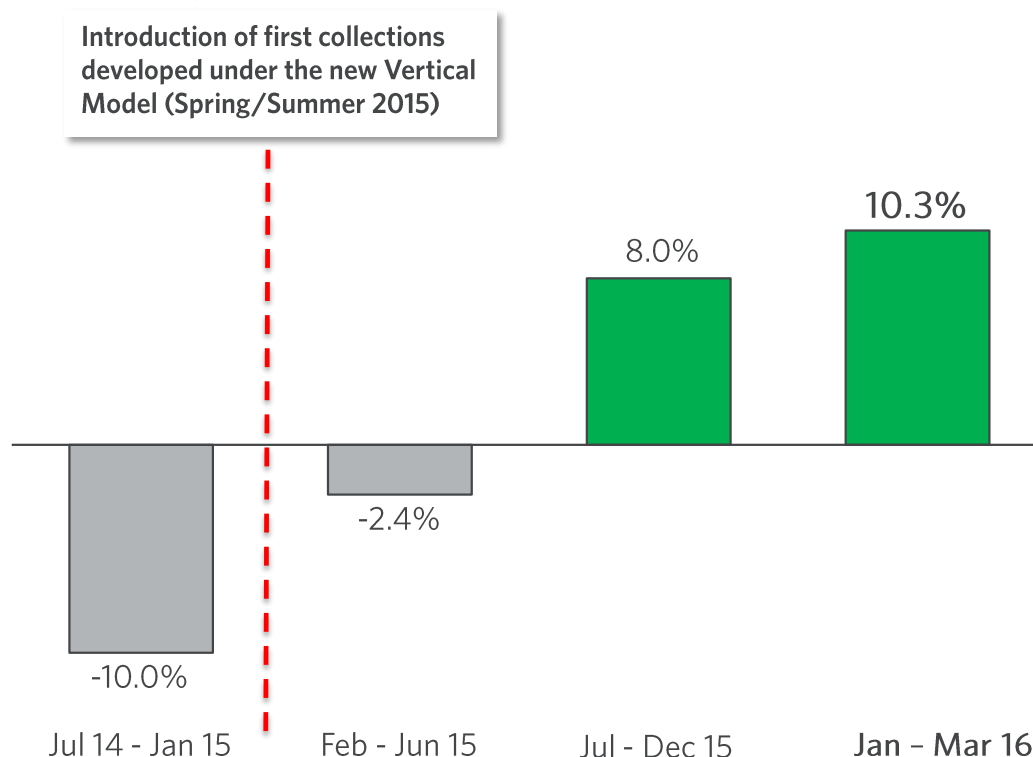
n.a. Not applicable

During the 3Q FY15/16, **Group revenue** remained largely flat year-on-year with a marginal decline of -0.1% in local currency. This compares favorably against the corresponding reduction in total controlled space of -9.6%. Similar to the situation observed in the first half of FY15/16 (the “1H FY15/16”), we continue to see positive momentum of retail top line development (online and offline), which reflects significantly improved product performance, as well as improved marketing and channel operations. However, such improvement was offset by weakness in the wholesale channel, and the negative development of the Asia Pacific region.

Retail revenue (63.3% of the Group’s revenue) grew +3.1% year-on-year in local currency in the period under review, despite a corresponding year-on-year reduction in retail net sales area of -7.1%. This positive development was primarily driven by the European region, which reported retail revenue growth of +9.3% year-on-year in local currency against -6.2% reduction in retail net sales area. We are particularly encouraged by the continuation of the positive trends in the following areas:

- The Women divisions (including Esprit and edc branded products) reported retail revenue growth of +6.6% year-on-year in local currency in the 3Q FY15/16
- Retail comparable stores sales growth (including e-shop) was +10.3% in local currency in the 3Q FY15/16, thus continuing the positive trend of previous months

Retail comparable store sales growth (year-on-year in local currency)



- In Europe, growth of the retail comparable store sales (including e-shop) was +12.2% year-on-year in local currency in the 3Q FY15/16, a further improvement from +8.3% of the 1H FY15/16
- In Germany, the Group's largest market, our comparable full price brick and mortar stores* continued to outperform the market every month between January and March 2016 by an average of +16.1 percentage points (based on the comparable market data published by TextilWirtschaft)

** This group of stores is selected because it is the type of stores used by TextilWirtschaft to show the German retail market development*

- Online sales totaled HK\$984 million (35.4% of the Group's retail revenue) and increased by +11.7% year-on-year in local currency in the 3Q FY15/16

Wholesale revenue (35.9% of the Group's revenue) reported a year-on-year decline of -5.5% in local currency in the 3Q FY15/16. The unfavorable development of the wholesale channel continued to exert pressure to our wholesale footprint and resulted in a year-on-year reduction in controlled wholesale space of -11.5%.

From a regional perspective, while we have seen signs of recovery in **Europe** (84.2% of the Group's revenue), led by positive retail sales development, performance in **Asia Pacific** (15.2% of the Group's revenue) remains to be weak. In 3Q FY15/16, revenue from Asia Pacific recorded a -15.3% year-on-year decline in local currency, as compared to the corresponding year-on-year reduction in total controlled space of -14.9%. The performance of Asia Pacific continued to be undermined by a combination of unfavorable macro factors, including volatility in the financial markets, weak consumer sentiment amid the slowdown of economic growth in China, and reduced tourist flow in the region.

Overall, the continuation of the positive trend in our retail sales performance keeps reinforcing our confidence that the strategic changes in our product (Vertical Model) and channels management (Omnichannel Model) are the right path to restoring the upside potential of the Esprit brand and the long-term competitiveness of our Group.

By Order of the Board
Florence Ng Wai Yin
Company Secretary

Hong Kong, 29 April 2016

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