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# ESPRIT

## ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00330)

### UNAUDITED FY13/14 THIRD QUARTER UPDATE FOR THE NINE MONTHS ENDED 31 MARCH 2014

#### THIRD QUARTER UPDATE

The board of directors (the “Board”) of Esprit Holdings Limited (the “Company”) presents the unaudited FY13/14 third quarter update of the Company and its subsidiaries for the nine months ended 31 March 2014. 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.

#### Turnover by Product Divisions

Product Divisions	For the 9 months ended 31 March				Change in %	
	2014		2013		Local	
	HK\$ million	% of Group Turnover	HK\$ million	% of Group Turnover	HK\$	currency
<b>women</b>	<b>7,859</b>	<b>41.7%</b>	<b>7,983</b>	<b>39.4%</b>	<b>-1.6%</b>	<b>-5.1%</b>
women casual ^	5,374	28.5%	5,573	27.5%	-3.6%	-7.0%
women collection	2,188	11.6%	2,257	11.1%	-3.0%	-6.7%
trend	297	1.6%	153	0.8%	93.8%	85.9%
<b>men</b>	<b>2,834</b>	<b>15.0%</b>	<b>3,259</b>	<b>16.1%</b>	<b>-13.0%</b>	<b>-16.1%</b>
men casual ^	2,235	11.8%	2,534	12.5%	-11.8%	-14.8%
men collection	599	3.2%	725	3.6%	-17.3%	-20.4%
<b>edc</b>	<b>4,350</b>	<b>23.1%</b>	<b>4,849</b>	<b>23.9%</b>	<b>-10.3%</b>	<b>-13.8%</b>
<b>others *</b>	<b>3,819</b>	<b>20.2%</b>	<b>4,181</b>	<b>20.6%</b>	<b>-8.7%</b>	<b>-12.2%</b>
<b>Total</b>	<b>18,862</b>	<b>100.0%</b>	<b>20,272</b>	<b>100.0%</b>	<b>-7.0%</b>	<b>-10.4%</b>

^ Turnover of denim has been re-grouped into women casual and men casual for the nine months ended 31 March 2014 and the nine months ended 31 March 2013

\* Others include shoes, accessories, bodywear, kids, sports, licensing income & licensed products such as timewear, eyewear, jewellery, bed & bath, houseware etc.

## Turnover by Key Distribution Channels

Key Distribution Channels	For the 9 months ended 31 March					
	2014		2013		Change in %	
	HK\$ million	% of Group Turnover	HK\$ million	% of Group Turnover	HK\$	Local currency
<b>Retail<sup>#</sup></b>	<b>11,498</b>	<b>61.0%</b>	<b>11,856</b>	<b>58.5%</b>	<b>-3.0%</b>	<b>-6.2%</b>
Europe	8,552	45.3%	8,285	40.9%	3.2%	-1.5%
Asia Pacific	2,411	12.8%	2,881	14.2%	-16.3%	-15.3%
<b>Subtotal</b>	<b>10,963</b>	<b>58.1%</b>	<b>11,166</b>	<b>55.1%</b>	<b>-1.8%</b>	<b>-5.1%</b>
Store closures and stores with onerous contracts*	535	2.9%	690	3.4%	-22.5%	-25.4%
<b>Wholesale</b>	<b>7,221</b>	<b>38.3%</b>	<b>8,268</b>	<b>40.8%</b>	<b>-12.7%</b>	<b>-16.5%</b>
Europe	6,612	35.1%	7,155	35.3%	-7.6%	-11.7%
Asia Pacific	609	3.2%	1,055	5.2%	-42.3%	-44.4%
North America	-	-	58	0.3%	-100.0%	-100.0%
<b>Licensing</b>	<b>141</b>	<b>0.7%</b>	<b>135</b>	<b>0.6%</b>	<b>4.4%</b>	<b>3.5%</b>
<b>Others</b>	<b>2</b>	<b>0.0%</b>	<b>13</b>	<b>0.1%</b>	<b>-83.7%</b>	<b>-84.4%</b>
<b>Total</b>	<b>18,862</b>	<b>100.0%</b>	<b>20,272</b>	<b>100.0%</b>	<b>-7.0%</b>	<b>-10.4%</b>

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

\* Represent store closures and stores with onerous contracts announced in prior financial year(s)

## Retail Distribution Channel by Regions (Directly Managed Retail Stores)

Regions	As at 31 March 2014		Movement since 1 April 2013		Movement since 1 July 2013		As at 31 March 2014
	No. of stores	Net sales area m <sup>2</sup>	Year-on-year net change in no. of stores	Year-on-year change in net sales area	Net change in no. of stores	Net change in net sales area	No. of comp-stores*
Europe	306	202,220	(19)	0.6%	(18)	-0.1%	231
Asia Pacific	568	103,449	(94)	-9.9%	(71)	-8.4%	269
<b>Subtotal</b>	<b>874</b>	<b>305,669</b>	<b>(113)</b>	<b>-3.2%</b>	<b>(89)</b>	<b>-3.1%</b>	<b>500</b>
Store closures and stores with onerous contracts**	54	31,783	(11)	-17.1%	(7)	-9.1%	n.a.
<b>Total</b>	<b>928</b>	<b>337,452</b>	<b>(124)</b>	<b>-4.7%</b>	<b>(96)</b>	<b>-3.7%</b>	<b>500</b>

\* All e-shops within Europe and the e-shop in China are shown as 1 comparable store in Europe and 1 comparable store in Asia Pacific

\*\* Represent store closures and stores with onerous contracts announced in prior financial year(s)

n.a. Not applicable

## Wholesale Distribution Channel by Regions (Controlled Space Only)

	As at 31 March 2014		Movement since 1 April 2013		Movement since 1 July 2013	
	No. of stores	Net sales area m <sup>2</sup>	Year-on-year net change in no. of stores	Year-on-year change in net sales area	Net change in no. of stores	Net change in net sales area
<b>Franchise stores</b>	<b>1,496</b>	<b>297,025</b>	<b>(323)</b>	<b>-15.6%</b>	<b>(210)</b>	<b>-11.6%</b>
Europe	850	209,729	(109)	-13.4%	(70)	-9.7%
Asia Pacific	646	87,296	(214)	-20.4%	(140)	-15.9%
<b>Shop-in-stores</b>	<b>4,119</b>	<b>151,882</b>	<b>(378)</b>	<b>-9.5%</b>	<b>(288)</b>	<b>-7.3%</b>
Europe	4,024	149,779	(367)	-9.4%	(277)	-7.1%
Asia Pacific	95	2,103	(11)	-19.1%	(11)	-19.1%
<b>Identity corners</b>	<b>2,685</b>	<b>56,665</b>	<b>(641)</b>	<b>-19.2%</b>	<b>(450)</b>	<b>-14.6%</b>
Europe	2,685	56,665	(641)	-19.2%	(450)	-14.6%
Asia Pacific	-	-	-	-	-	-
<b>Total</b>	<b>8,300</b>	<b>505,572</b>	<b>(1,342)</b>	<b>-14.3%</b>	<b>(948)</b>	<b>-10.7%</b>
Europe	7,559	416,173	(1,117)	-12.9%	(797)	-9.5%
Asia Pacific	741	89,399	(225)	-20.4%	(151)	-15.9%

## Turnover by Geographies

Regions	For the 9 months ended 31 March						Retail comp-store sales growth*
	2014		2013		Change in %		
	HK\$ million	% of Group Turnover	HK\$ million	% of Group Turnover	HK\$	Local currency	
Europe	15,189	80.5%	15,463	76.3%	-1.8%	-6.2%	-4.6%
Asia Pacific	3,021	16.0%	3,949	19.5%	-23.5%	-23.3%	-6.6%
<b>Subtotal</b>	<b>18,210</b>	<b>96.5%</b>	<b>19,412</b>	<b>95.8%</b>	<b>-6.2%</b>	<b>-9.7%</b>	<b>-5.0%</b>
Store closures and stores with onerous contracts*	535	2.9%	690	3.4%	-22.5%	-25.4%	n.a.
North America	117	0.6%	170	0.8%	-31.1%	-31.1%	n.a.
<b>Total</b>	<b>18,862</b>	<b>100.0%</b>	<b>20,272</b>	<b>100.0%</b>	<b>-7.0%</b>	<b>-10.4%</b>	<b>-5.0%</b>

\* Represent store closures and stores with onerous contracts announced in prior financial year(s)  
n.a. Not applicable

## Highlights of 3Q FY13/14 Performance

Key Distribution Channels	For the 3 months ended 31 March					
	2014		2013		Change in %	
	HK\$ million	% of Group Turnover	HK\$ million	% of Group Turnover	HK\$	Local currency
<b>Retail<sup>#</sup></b>	<b>3,513</b>	<b>58.0%</b>	<b>3,754</b>	<b>55.9%</b>	<b>-6.4%</b>	<b>-9.0%</b>
Europe	2,582	42.7%	2,609	38.9%	-1.0%	-5.0%
Asia Pacific	782	12.9%	956	14.2%	-18.2%	-16.8%
<b>Subtotal</b>	<b>3,364</b>	<b>55.6%</b>	<b>3,565</b>	<b>53.1%</b>	<b>-5.6%</b>	<b>-8.2%</b>
Store closures and stores with onerous contracts*	149	2.4%	189	2.8%	-21.2%	-24.2%
<b>Wholesale</b>	<b>2,496</b>	<b>41.3%</b>	<b>2,912</b>	<b>43.3%</b>	<b>-14.3%</b>	<b>-17.4%</b>
Europe	2,366	39.1%	2,602	38.7%	-9.1%	-12.4%
Asia Pacific	130	2.2%	310	4.6%	-58.1%	-59.3%
<b>Licensing</b>	<b>43</b>	<b>0.7%</b>	<b>48</b>	<b>0.7%</b>	<b>-10.6%</b>	<b>-11.3%</b>
<b>Others</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>0.1%</b>	<b>-96.6%</b>	<b>-96.7%</b>
<b>Total</b>	<b>6,052</b>	<b>100.0%</b>	<b>6,718</b>	<b>100.0%</b>	<b>-9.9%</b>	<b>-12.7%</b>

<sup>#</sup> Retail sales include sales from e-shop in countries where available

\* Represent store closures and stores with onerous contracts announced in prior financial year(s)

For the quarter ended 31 March 2014 ("3Q FY13/14"), **Group turnover** amounted to HK\$6,052 million (3Q FY12/13: HK\$6,718 million), representing a decline of -9.9% when compared with the same period last year (-12.7% in local currency). The decline was in line with the -10.7% year-on-year reduction in total controlled space (wholesale and retail combined) which resulted from the rationalization of wholesale customer base and the closure of unprofitable retail sales area to enhance profitability. Turnover declined more than the reduction in controlled space for the quarter mainly due to: (i) calendar effect with the shift of Easter holiday and the mid-season sale to April this year from March last year; and (ii) weaker than expected performance in our Asia Pacific region.

**Retail turnover** amounted to HK\$3,513 million (3Q FY12/13: HK\$3,754 million) representing a decline of -6.4% year-on-year (-9.0% in local currency). Excluding store closures and stores with onerous contracts ("Core Retail"), retail turnover declined by -5.6% (-8.2% in local currency) year-on-year. In **Europe**, there was a +0.6% year-on-year increase in Core Retail net sales area

as a result of our strategic initiative to expand the outlet channel, but turnover of the Core Retail operations declined by -1.0% year-on-year (-5.0% in local currency), mainly due to the calendar effect and the highly promotional and competitive market environment resulting in weaker customer traffic. Unfortunately, we are seeing weaker performance in **Asia Pacific** and its Core Retail operations recorded a turnover decline of -18.2% year-on-year (-16.8% in local currency), mainly due to reduction in retail net sales area (-9.9% year-on-year) and low customer traffic.

For the first 9 months of this financial year FY13/14, Retail turnover has declined by -3.0% when compared with the same period last year (-6.2% in local currency), still slightly above the -4.7% year-on-year reduction in net sales area.

**Wholesale turnover** amounted to HK\$2,496 million (3Q FY12/13: HK\$2,912 million), representing a decrease of -14.3% year-on-year (-17.4% in local currency). The decrease was mainly attributable to the continued weakness in the business performance of the wholesale channel in general, as well as a -14.3% year-on-year reduction in controlled wholesale space. In **Europe**, the year-on-year decline in wholesale turnover of -9.1% (-12.4% in local currency) was overall in line with the corresponding reduction of controlled wholesale space (-12.9% year-on-year). In **Asia Pacific**, the wholesale operations were negatively impacted by the larger loss of controlled wholesale space (-20.4% year-on-year), and also the focus on an ambitious clearance of aged inventory for our wholesale partners. As a consequence, the year-on-year decline in wholesale turnover in Asia Pacific of -58.1% (-59.3% in local currency) was much higher than the corresponding reduction in controlled wholesale space.

For the first 9 months of this financial year FY13/14, Wholesale turnover was -12.7% lower than that of the same period last year (-16.5% in local currency). Total turnover of the Group for the nine months ended 31 March 2014 amounted to HK\$18,862 million, representing a decrease of -7.0% year-on-year (-10.4% in local currency).

By Order of the Board  
**Florence Ng Wai Yin**  
Company Secretary

Hong Kong, 30 April 2014

*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, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt as Independent Non-executive Directors.*