

FOR IMMEDIATE RELEASE

- **Transformation Plan making good progress – Third quarter improvements in retail and wholesale. Retail comparable store sales growth in Europe improved to positive 2.8%**
- **Successful divestment of North American retail operation results in a net write-back of approximately HK\$700 million**

HONG KONG, 9 May 2012 – Esprit Holdings Limited, listed on the Hong Kong Stock Exchange, today announced the unaudited FY11/12 third quarter update for the nine months ended 31 March 2012.

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

Ronald van der Vis, Group CEO of Esprit, commented, “We continue to make good progress with the implementation of our Transformation Plan 2014/15. While we are still at the early stages of our plan, it is very encouraging to see some good results coming through in the third quarter. Especially our retail performance improved significantly in the third quarter. 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. Despite our continuous and deliberate efforts to operate a more selective wholesale distribution channel, our wholesale business managed to narrow the decline to -13.1% in local currency during the third quarter (1H FY11/12: -16.7%). Our net cash position remained strong and increased to HK\$1,618 million (31 December 2011: HK\$1,055 million) as at 31 March 2012.”

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.

Two important initiatives to enhance the fashionability of our collections, the China design centre and the new Trend division, are progressing according to plan and will deliver their first collections in stores in August and September 2012 respectively. In sourcing, our new cross-divisional 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

Ronald van der Vis, Group CEO of Esprit, said, "As part of our Transformation Plan 2014/15, we announced the divestment of our loss-making North American retail operation. I am pleased to see that we successfully completed the divestment and that we managed to finalize the closure costs well within the provision made previously and within our expected time frame."

All retail stores in North America were closed as of 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, there will be a write-back of provisions, net of related closure expenses, of approximately HK\$700 million in the FY11/12 full-year results.

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Esprit Holdings Limited (www.espritholdings.com) is a constituent stock of the Hang Seng Index, MSCI Hong Kong Small Cap Index and FTSE All-World Index for Hong Kong. Its subsidiaries are engaged in the retail and wholesale distribution of quality lifestyle products designed under its globally recognized Esprit and edc brands. The Group operates over 1,000 directly managed retail stores worldwide and distribute through more than 11,000 controlled space wholesale point-of-sales internationally, occupying total selling space of over 1,000,000m².

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Investor relations contact:

Patrick Lau
Tel: (852) 2765-4232
e-mail: esprit-ir@esprit.com

Press contact:

Hartmut Schultz Kommunikation GmbH:
Hartmut Schultz
Tel: (+49) 89 99 24 96 20
e-mail: hs@schultz-kommunikation.de

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