Seven Consecutive Years of Sales and Profit Growth

- Operating profit after finance costs surges 40% to HK$871 million
- Record net profit exceeds HK$460 million
- European sales grows 39% in Euro terms

Asia Pacific sales increase 16%

FINALS RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2000

Register of Members of the Company as at the date of 2000 Annual General Meeting, with a scrip alternative to offer the right to shareholders to elect to receive shares in lieu of a cash dividend in the proportion of one share for every five shares held by all persons credited as fully paid in cash (the "Scrip Dividend Scheme").

A circular containing details of the Scrip Dividend Scheme together with the relevant election form will be sent to shareholders on or about June 27, 2000. The Scrip Dividend Scheme is conditional upon the granting of the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and approval of the Scrip Dividend Shares to be issued pursuant to the Scheme. The receipt of the dividend warrants and certificates for the new shares to be issued pursuant to the Scrip Dividend Scheme will be dispatched to the shareholders on or about September 22, 2000.

BUSINESS REVIEW AND OUTLOOK

Group Results

For the year ended June 30, 2000, the Group achieved a turnover of HK$2,277 million, up 21% in the previous year. Operating profit after finance costs rose 40% to HK$871 million, while profit attributable to shareholders was HK$460 million. Earnings per share rose 30 cents to 89 cents. The Board of Directors has recommended a final dividend of HK$1.22 per share. Together with an interim dividend of 30 cents per share, total dividend per share amounted to HK$1.52.

Another Record Year

An increasing number of people walked in and out of our shops in FY1999/2000, accounting for our seventh consecutive year of improved turnover and operating profit. Net profit attributable to bank borrowing also reached a record high of approximately HK$406 million and HK$352 million respectively. The record net profit was achieved partly by better tax planning and enhanced operating efficiency and partly by, and in spite of, the record breaking number of staff required to achieve tax saving on our behalf.

We believe this to be a testimony to the success of our organisation, and it is not surprising that the growth in our profit line and growth in our geographical reach, to make ESPRIT more accessible to more customers in more places at democratic prices.

Europe

One of the most encouraging developments over the past year was the impressive sales growth rates registered by some of our smaller European markets. In local currency, France, Austria and Scandinavia all grew at in 15%, 20% and 40% respectively. This is what we mean when we say that ESPRIT is a rapidly-growing company. Europe as a whole grew by 35% in Euro terms, with the majority growth achieved in our German market where our market share continues to grow.

One of ESPRIT's European strengths is the Benelux region — Belgium and the Netherlands — which registered gains close to 25%. Germany continues to be our largest market, being those times the size of our next-biggest market. Once in every three women purchases an ESPRIT branded item in the country, a place where almost everyone owns a pair of ESPRIT. Our market in the Asia Pacific traffic. China offers immense potential and we are looking at this market for the future.

One of the reasons for the success of the Benelux region, Belgium and the Netherlands, is well known. It is because of the great depth of brand recognition in Germany is matched in many of our other European markets. The next few years will be characterised by continued high growth in our existing markets. In order to capitalise on this momentum and shrink up market share.

Asia Pacific

Sales growth in the Asia Pacific was powered by a 44% increase in Hong Kong — our approved market. This was achieved in spite of the growing poverty caused by war in the region as a result of the political situation. While the political situation is not fully stable around the area, the visages of Singapore and Taiwan were relatively flat.

Malaysia, although less than 1% of the Group's turnover, surged by almost 25%. Australia's turnover grew 6% and continues to be an important market in the region. We have therefore increased our retail commitments in this market. In the 1999-2000 financial year, 9.8% of our sales were to Australia.

In the groups as a whole, the companies involved, which were operating in 32 countries in Asia Pacific traffic. China offers immense potential and we are looking at this market for the future.

One of the major factors behind the success of the Benelux region, Belgium and the Netherlands, is the strong depth of brand recognition in Germany, which is the largest market in our European markets. The next few years will be characterised by continued high growth in our existing markets. In order to capitalise on this opportunity and shrink up market share.

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