ESPRIT ANNOUNCES RECORD TURNOVER AND PROFITS

- **Group turnover grew 26.9% to HK$29.6 billion**
- **Net profit up 38.6% to HK$5.2 billion**
- **Net profit margin improved by 1.5% points to 17.5%**
- **Net cash position increased to over HK$5.2 billion**
- **Proposed full year dividend payout ratio: 75.4% of EPS**

  Final dividend : HK$1.00 per share

  Special dividend : HK$1.48 per share

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 330)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2007

FINAL RESULTS

The board of directors (the "Board") of Esprit Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group" or "Esprit") for the year ended June 30, 2007 together with comparative figures for the year ended June 30, 2006. The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended June 30, 2007 HK$ million	2006 HK$ million
Turnover	2	**29,640**	23,349
Cost of goods sold		**(13,755)**	(11,051)
Gross profit		**15,885**	12,298
Staff costs		**(3,514)**	(2,815)
Operating lease charge		**(2,325)**	(1,938)
Depreciation		**(597)**	(532)
Other operating costs		**(3,190)**	(2,248)
Operating profit	3	**6,259**	4,765
Interest income		**149**	37
Finance costs		**-**	(1)
Share of results of associates		**130**	84
Profit before taxation		**6,538**	4,885
Taxation	4	**(1,358)**	(1,148)
Profit attributable to shareholders		**5,180**	3,737
Dividends	5	**3,916**	2,817
Earnings per share			
- Basic	6	**HK$4.22**	HK$3.09
- Diluted	6	**HK$4.16**	HK$3.04
Dividend per share		**HK$3.18**	HK$2.31

CONSOLIDATED BALANCE SHEET

	Notes	As at June 30, 2007 HK$ million	2006 HK$ million
Non-current assets			
Intangible assets		**2,057**	2,027
Property, plant and equipment		**2,525**	2,429
Other investments		**7**	8
Investments in associates		**406**	269
Prepaid lease payments		**175**	180
Deferred tax assets		**396**	315
		5,566	5,228
Current assets			
Inventories		**2,192**	2,101
Debtors, deposits and prepayments	7	**3,991**	2,702
Amounts due from associates		**48**	102
Bank balances and cash		**1,829**	1,394
Short-term bank deposits		**3,403**	1,325
		11,463	7,624
Current liabilities			
Creditors and accrued charges	8	**3,637**	2,623
Unsecured short-term bank loan		**-**	250
Taxation		**933**	514
		4,570	3,387
Net current assets		**6,893**	4,237
Total assets less current liabilities		**12,459**	9,465
Financed by:			
Share capital		**123**	122
Reserves		**11,958**	8,985
Shareholders' funds		**12,081**	9,107
Deferred tax liabilities		**378**	358
		12,459	9,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with IFRS.

The Group did not early adopt the following International Accounting Standard ("IAS"), IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that have been issued in the period from July 1, 2006 up to the date of approval of these consolidated financial statements. The adoption of such standards will not result in substantial changes to the Group's accounting policies.

		Effective for accounting periods beginning on or after
IAS 23 (Amendment)	Borrowing Costs	January 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IFRIC 10	Interim Financial Reporting and Impairment	November 1, 2006
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions	March 1, 2007
IFRIC 12	Service Concession Arrangements	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008

2. Turnover and segment information

The Group is principally engaged in wholesale and retail distribution and licensing of quality fashion and life-style products designed under its own internationally-known Esprit brand name, together with Red Earth cosmetics, skin and body care products.

	2007 HK$ million	2006 HK$ million
Turnover		
Sales of goods	**29,429**	23,151
Licensing and other income	**211**	198
	29,640	23,349

Primary reporting format - business segments

The Group's businesses are managed according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Global brand development costs are fully reflected within the licensing segment to reflect the Esprit brand owner's initiative to develop the brand globally both in existing and prospective new markets.

	For the year ended June 30, 2007				
	Wholesale HK$ million	**Retail HK$ million**	**Licensing & others HK$ million**	**Eliminations HK$ million**	**Group HK$ million**
Turnover	**16,601**	**12,828**	**211**	**-**	**29,640**
Inter-segment sales	**-**	**-**	**727**	**(727)**	**-**
	16,601	**12,828**	**938**	**(727)**	**29,640**
Segment results	**4,126**	**1,854**	**470**	**(43)**	**6,407**
Unallocated net expenses					**(148)**
Interest income					**149**
Finance costs					**-**
Share of results of associates					**130**
Profit before taxation					**6,538**
Segment EBIT - ex-inter-segment licensing expense/income (note)	**4,387**	**1,943**	**120**	**(43)**	**6,407**

	For the year ended June 30, 2006				
	Wholesale HK$ million	Retail HK$ million	Licensing & others HK$ million	Eliminations HK$ million	Group HK$ million
Turnover	13,450	9,701	198	-	23,349
Inter-segment sales	-	-	592	(592)	-
	13,450	9,701	790	(592)	23,349
Segment results	3,595	1,126	404	(178)	4,947
Unallocated net expenses					(182)
Interest income					37
Finance costs					(1)
Share of results of associates					84
Profit before taxation					4,885
Segment EBIT - ex-inter-segment licensing expense/income (note)	3,784	1,191	150	(178)	4,947

note: Wholesale and retail segments pay intra-group licensing fees to the licensing segment. Should the wholesale and retail segments not be required to pay the intra-group licensing fees to the licensing segment, the segment EBIT ("earnings before interest and taxation, finance costs, share of results of associates and unallocated net income/expenses") of the wholesale and retail segments would have been **HK$4,387 million** (2006: HK$3,784 million) and **HK$1,943 million** (2006: HK$1,191 million) respectively, representing wholesale segment EBIT margin ("segment EBIT/segment turnover") of **26.4%** (2006: 28.1%) and retail segment EBIT margin of **15.1%** (2006: 12.3%).

Secondary reporting format - geographical segments

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of customers.

	2007	2006
	HK$ million	HK$ million
Europe	**25,573**	19,860
Asia Pacific*	**3,367**	2,887
North America and others	**700**	602
	29,640	23,349

* Asia Pacific includes Asia, Australia and New Zealand

3. Operating profit

	2007	2006
	HK$ million	HK$ million
Operating profit is arrived at after charging and (crediting) the following:		
Auditors' remuneration		
Current year	**11**	11
Underprovision in prior year	**-**	1
Depreciation	**597**	532
Impairment of property, plant and equipment	**16**	-
Loss on disposal of property, plant and equipment	**25**	12
Amortization of prepaid lease payments	**5**	4
Operating lease rental expenses - land and buildings (including variable rental of **HK$126 million** (2006: HK$98 million))	**2,325**	1,938
Net exchange losses on foreign currency forward contracts	**78**	16
Other net exchange gains	**(54)**	(42)
Net charge/(write back) for provision for obsolete inventories	**21**	(92)
Provision for impairment of trade debtors/bad debts written off	**76**	28
Provision for retail store exit costs	**4**	7

4. Taxation

	2007 **HK$ million**	2006 HK$ million
Current tax		
Hong Kong profits tax		
Provision for current year	**-**	-
Overseas taxation		
Provision for current year	**1,586**	1,227
Reversal of provision in respect of prior years	**(178)**	-
	1,408	1,227
Deferred tax		
Current year	**(50)**	(79)
Taxation	**1,358**	1,148

Hong Kong profits tax is calculated at **17.5%** (2006: 17.5%) on the estimated assessable profit for the year, net of tax losses carried forward, if applicable.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

5. Dividends

	2007 **HK$ million**	2006 HK$ million
Paid interim dividend of **HK$0.70** (2006: HK$0.50) per share	**861**	608
Proposed		
- final dividend of **HK$1.00** (2006: HK$0.73) per share	**1,232**	891*
- special dividend of **HK$1.48** (2006: HK$1.08) per share	**1,823**	1,318*
	3,916	2,817

The amount of 2007 proposed final and special dividends is based on **1,231,930,434 shares** (2006: 1,220,390,434 shares as at September 13, 2006) in issue as at **August 29, 2007**. The proposed final and special dividends for 2007 will not be reflected as dividends payable in the balance sheet until they are approved at the forthcoming annual general meeting by the shareholders of the Company, and they will be recorded as an appropriation of retained profits for the year ending June 30, 2008.

* The actual final and special dividends paid for 2006 was HK$2,225 million due to additional shares issued during the period from September 14, 2006 to December 5, 2006, the date of closure of the register of members.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of **HK$5,180 million** (2006: HK$3,737 million) and the weighted average number of shares in issue during the year of **1,226 million** (2006: 1,209 million).

The calculation of diluted earnings per share is based on the profit attributable to shareholders of **HK$5,180 million** (2006: HK$3,737 million) and the weighted average number of shares in issue during the year of **1,245 million** (2006: 1,228 million) after adjusting for the number of dilutive potential ordinary shares arising from the outstanding share options granted under the Company's share option scheme.

7. Debtors, deposits and prepayments

Debtors, deposits and prepayments included trade debtors. The ageing analysis of trade debtors is as follows:

	2007 HK$ million	2006 HK$ million
0-30 days	**2,717**	1,867
31-60 days	**84**	53
61-90 days	**76**	41
Over 90 days	**91**	95
	2,968	2,056

The Group's sales to retail customers are made in cash or by credit card. The Group also grants credit period, which is usually 30 days to certain wholesale and franchise customers.

8. Creditors and accrued charges

Creditors and accrued charges included trade creditors. The ageing analysis of trade creditors is as follows:

	2007 HK$ million	2006 HK$ million
0-30 days	**1,347**	967
31-60 days	**55**	40
61-90 days	**7**	12
Over 90 days	**29**	38
	1,438	1,057

MANAGEMENT DISCUSSION & ANALYSIS

Esprit has once again achieved an excellent set of results, demonstrating our ability to deliver sustainable growth in turnover and earnings. Setting another new record, the Group's turnover reached HK$29.6 billion, an increase of 26.9% in Hong Kong dollar terms. With improving efficiency, the Group's operating profit grew 31.4% to HK$6,259 million.

CHANNELS OF DISTRIBUTION

The Group continued to extend geographical reach through our multi-distribution channels, namely wholesale, retail, and licensing & others. These three channels accounted for 56.0%, 43.3% and 0.7% of the Group's turnover respectively during the financial year.

Turnover by Distribution Channel

	Wholesale	Retail	Licensing & others	Total
FY2006/2007 turnover (HK$m)	16,601	12,828	211	29,640
% growth from last year	23.4%	32.2%	6.6%	26.9%

Benefiting from improving operational efficiency, our retail segment registered an EBIT margin improvement of 2.8% points to 15.1%. Together with a wholesale segment EBIT margin of 26.4%, the Group's operating profit margin recorded an improvement of 0.7% point to 21.1%.

Wholesale

After experiencing a challenging first half of the financial year, wholesale sales were back on track in the second half of the financial year following the removal of the uncertainty in relation to German value-added tax ("VAT") rate increase in January 2007. The Group's wholesale operation recorded an improving turnover growth rate, from 17.1% in the first half of the financial year, to 23.4% for the full year. This strong turnover growth was supported by both the stable performance in the core markets as well as the impressive performance in the new markets. Germany, our largest wholesale market, reported turnover growth of 21.2%, driven by the continuous wholesale network expansion in which there was a net addition of 823 Esprit's controlled-space wholesale point-of-sales during the year. At the same time, Esprit's high growth wholesale markets, such as Italy and Spain, also delivered impressive turnover growth rates at 49.3% and 72.0% with total controlled-space wholesale point-of-sales of 346 and 184 respectively.

Wholesale Turnover by Major Market

	Europe					Asia Pacific	North America	Total
	Germany	Benelux	France	Scandinavia	Others			
FY2006/2007 turnover (HK$m)	7,632	2,807	1,854	1,238	1,870	1,065	135	16,601
% of Group's wholesale turnover	46.0%	16.9%	11.2%	7.4%	11.3%	6.4%	0.8%	100.0%
% growth from last year	21.2%	17.4%	25.6%	33.0%	28.5%	35.9%	16.7%	23.4%
Controlled wholesale space growth from last year	17.9%	12.5%	33.3%	27.3%	23.9%	20.4%	n.a.	20.0%

As at June 30, 2007, the Group had over 629,000m^2 controlled wholesale space, a net increase of over 104,000m^2 or 20.0% increase from June 30, 2006. During the financial year, the Group's total controlled-space wholesale point-of-sales increased by 1,636 to 13,095, comprised of 1,176 partnership stores, 4,090 shop-in-stores and 7,829 identity corners.

Controlled-space Wholesale Point-of-Sales by Region

	Europe		Asia Pacific	North America	Total
	Germany	Rest of Europe			
FY2006/2007 controlled-space wholesale point-of-sales	7,372	4,187	1,311	225	13,095
Growth from last year	881	471	257	27	1,636

Retail

The Group believes the retail model is an effective tool to increase brand awareness. This involves selecting prime store locations, continual uplifting of store image and improving store layout.

Fueled by a strong comparable-store-sales growth of 19.8%, the Group's retail operation delivered a strong turnover growth of 32.2% to HK$12,828 million, representing 43.3% of the Group's turnover. The enhanced merchandising strategy and increased popularity of our brand were the key drivers behind the robust retail turnover growth.

Retail Turnover by Major Market

	Europe*			Asia Pacific			North America	Total
	Germany	Benelux	Others	Hong Kong	Australia & New Zealand	Others		
FY2006/2007 turnover (HK$m)	6,267	1,821	2,037	728	621	817	537	12,828
% of Group's retail turnover	48.9%	14.2%	15.8%	5.7%	4.8%	6.4%	4.2%	100.0%
% growth from last year	35.0%	48.7%	44.6%	12.0%	-0.8%	17.3%	18.4%	32.2%
Retail selling space growth from last year	11.6%			-7.7%			7.0%	6.1%
Comparable-store-sales growth from last year	23.4%			2.5%			11.0%	19.8%

* Restated FY2005/2006 retail turnover to reflect e-shop turnover in the originating country of sales in Europe

During the financial year, the Group invested around HK$500 million in opening 90 new directly managed retail stores and refurbishing the existing directly managed retail stores. Among these new directly managed retail stores, 52 were located in Asia Pacific while 30 and 8 were located in Europe and North America respectively. At the same time, 154 directly managed retail stores were closed during the financial year, with 51 and 71 of these closed stores being Esprit stores in Australia and Red Earth counters in Asia respectively. As at June 30, 2007, the Group had 604 directly managed retail stores with 237,719m^2 retail selling space worldwide.

On-line shopping is a global trend. We foresee a bright future in this channel of distribution and therefore have integrated internet sales as part of our distribution strategy. We will continue to roll out on-line shopping platform internationally to capitalize on such trend.

Licensing

Working with around 30 licensees, our licensing operation offered over 30 categories of Esprit licensed products to consumers worldwide. Fragrance, Eyewear, Timewear and Jewelry are the major licensed product categories. During the financial year, the Esprit golf line was also successfully launched in the China market. In future, we will launch maternity licensed product category and expand the home product category range.

REGIONS

Turnover by Region

	Europe*			North America	
	Germany	Rest of Europe	Asia Pacific	and others	Total
FY2006/2007 turnover (HK$m)	13,935	11,638	3,367	700	29,640
% of Group's turnover	47.0%	39.2%	11.4%	2.4%	100.0%
% growth from last year	27.1%	30.8%	16.6%	16.3%	26.9%

* Restated FY2005/2006 retail turnover to reflect e-shop turnover in the originating country of sales in Europe

Europe

During the financial year, our turnover in Europe rose by 28.8% to HK$25,573 million, accounted for 86.2% of the Group's turnover. The region remained our largest wholesale and retail market. Our wholesale turnover in Europe grew 22.7% to HK$15,401 million, driven by the net addition of over 1,200 controlled-space wholesale point-of-sales or over 84,000m^2 controlled wholesale space. Our retail turnover in Europe grew even stronger by 39.2%, backed by the strong comparable-store-sales growth of 23.4% and an increase of 11.6% or 16,672m^2 in retail selling space.

In general, all our European markets delivered strong results in the financial year. Germany and Benelux, our core markets, delivered solid turnover growth rates of 27.1% and 28.0% respectively, as we continued to grow our wholesale and retail distribution networks in these markets. Despite of the increase of VAT rate in Germany, the country reported a respectable wholesale and retail turnover growth rates of 21.2% and 35.0% which were driven by 17.9% increase in controlled wholesale space and 10.8% increase in retail selling space respectively, plus 22.0% comparable-store-sales growth. France, our third largest market in Europe, also continued to report a robust turnover growth rate of 35.3% driven by additional sales contribution from new retail selling space, which increased by 16.6% and represented 11.5% of the total net new retail selling space of the Group.

Besides the strong performance reported in our core markets, the Group continued to expand its geographical footprint in emerging markets. During the financial year, impressive turnover growth rates of 26.8%, 49.3% and 72.0% were recorded in the UK, Italy and Spain respectively. Also, the Group has established a number of new wholesale partnerships in Eastern Europe.

Asia Pacific

Asia Pacific contributed 11.4% of the Group's turnover, delivered a stable turnover growth of 16.6%. On one hand, our core Asian retail market continued to recover with improving profitability, driven by store renovation that helped improving the brand image in such market. The retail profitability of the Asia region showed continual improvement. Taiwan has recorded negative turnover growth from last year at -5.6% but we saw pick up in the second half of the financial year. Encouraging results were also found in Australia and New Zealand following the ongoing restructuring of their operations. Turnover growth in these countries improved from -11.4% in the first half of the financial year to 9.2% in the second half. Riding on these positive signs, the Group will accelerate its retail expansion in Taiwan, Australia and New Zealand in the next financial year.

Relentless efforts in nurturing new markets are also bearing fruits. Under close cooperation with our business partners, we expanded our controlled wholesale space in India and the Middle East by adding 10 and 29 controlled-space wholesale point-of-sales to 14 and 61 respectively during the financial year, and remarkable turnover growth was posted by these countries at 135.0% and 48.8% respectively. The Group also entered new partnerships in Korea with a net opening of 8 controlled-space wholesale point-of-sales during the financial year. The Group sees huge growth potential in these Asian markets going forward.

North America and Others

North America and others, represented 2.4% of the Group's turnover during the financial year, recorded a stable turnover growth rate of 16.3% to HK$700 million. North America retail and wholesale operations recorded turnover growth rates of 18.4% and 16.7% respectively. During the financial year, the Group opened 8 new directly managed retail stores, bringing the total number of directly managed retail stores to 64. On the wholesale front, the Group continued its expansion through partnering with local department stores.

The Group will continue its investment to further strengthen our presence in the region. The Group plans to open over 10 new directly managed retail stores in the region in the new financial year, including the opening of a new flagship store in the Fifth Avenue, New York, during the first half of the next financial year. The Group also believes the continuous development of our retail distribution network is an effective way to rebuild recognition of the Esprit brand to our target customers, which also complements the wholesale development in the region.

PRODUCTS

During the financial year, all key Esprit and edc product divisions recorded double digit percentage turnover growth rates, with edc posting the highest turnover growth rate of 46.4%. Compared with the Group's turnover growth rate of 26.9%, inventory only grew by less than 10% demonstrating improved inventory control and increasing popularity of our products. The Group's commitment to expand the brand and product portfolio was reflected by branching out edc from Esprit as a separate brand.

Turnover by Product

	Casual Women	Casual Men	Collection	Shoes	Accessories	edc Women	edc Men	Others*	Total
FY2006/2007 turnover (HK$m)	10,591	3,272	2,518	1,567	1,423	5,271	685	4,313	29,640
% of Group's turnover	35.7%	11.1%	8.5%	5.3%	4.8%	17.8%	2.3%	14.5%	100.0%
% growth from last year	23.6%	32.9%	17.1%	29.7%	25.2%	42.2%	88.8%	14.8%	26.9%

* Others includes Kids, Sports, Bodywear, Salon, Licensed products and Red Earth

During the financial year, Casual Women remained the largest product category of the Group followed by edc Women. Thanks to the increasing popularity of the edc brand, both edc Women and edc Men recorded remarkable turnover growth rates and they collectively accounted for 20.1% of the Group's turnover during the financial year, up from 17.4% as recorded in the last financial year. The recent launch of edc shoes, a line of cool, fresh and lively design shoes, will further strengthen the edc product portfolio and growth momentum in future.

PROSPECTS

The success of the Esprit brand and our competence in brand management has enabled us to generate respectable growth over the past years. Looking ahead, we will continue to focus on 1) expansion of our distribution network, 2) further development in high growth potential markets, and 3) expansion of brand and product range, to drive sustainable and profitable growth.

We see vast potential for expansion in our core markets. Over HK$1 billion will be spent on opening new stores and renovating existing stores with a planned net addition of over 100 new directly managed retail stores or 31,000m^2 retail selling space. On the other hand, over 2,000 new controlled-space wholesale point-of-sales are expected to be added with over half of the new controlled wholesale space being partnership stores, which are relatively bigger in size and more instrumental in brand building.

Riding on our strong brand equity in Europe, the Group will continue focusing on developing high growth potential markets such as France, the UK, Spain and Scandinavia. With brand building being a top priority, these markets will speed up their retail network expansion with a total net increase of over 9,000m^2 retail selling space. Over 15 new directly managed retail stores are planned in France. In the UK, we will expand our reach outside London to Manchester, Liverpool and Glasgow. In Spain, we will have flagship stores in Barcelona and Madrid. For Scandinavia, retail stores roll-out are planned in Finland, Norway and Denmark. In Asia Pacific, while Hong Kong remains our focus retail market, retail expansion will resume in Taiwan and Australia with a net addition of approximately 5 and 30 new directly managed retail stores in these locations respectively. Last but not least, we will continue to explore growth opportunities with our partners in Spain, Italy, India and the Middle East.

We believe diversifying our brand portfolio is crucial to the long-term success of the Group. Therefore, we see the separation of edc from Esprit a major milestone for the Group. As at June 30, 2007, there were around 13 standalone edc stores located in Germany, Benelux and Switzerland and new edc standalone stores are planned in France, Austria, Hong Kong and India in the new financial year. In addition, edc has teamed up with MTV to produce a multi-national promotional campaign that will be launched in Europe and the Asia Pacific region in the first half of the new financial year. We are very excited about this major event as we believe this marketing campaign will help further strengthen edc's brand positioning and distinguish its identity to its target customers. While we will continue to enrich edc product portfolio, a new product line under the Esprit family, “de. corp ESPRIT URBAN CASUAL” will be launched in Spring 2008. Furthermore, the Group has adopted an open attitude to explore acquisition opportunities. Enhancing shareholder value will be our key consideration in assessing any potential transaction.

Entering the new financial year, the Group targets to maintain the growth momentum and a stable operating profit margin. Wholesale orders booked to December 2007 showed a mid-teen percentage year-on-year growth. As a consequence of the recent tax reform in Germany, the Group's effective tax rate is expected to be reduced by 2-3% points going forward provided that there is no material change in circumstances. The Group is confident in its proven business model that enables us to overcome new challenges in the increasingly competitive operating environment and sustain our performance in the years to come.

FINANCIAL REVIEW

Turnover

During the financial year, the Group continued to benefit from its strong organic growth, achieving double digit percentage turnover growth rate of 26.9% to HK$29.6 billion. While Europe remains the major driver, it is encouraging to see that both Asia Pacific and North America also contributed to this strong turnover growth.

Profitability

The Group's operating profit increased by 31.4% to HK$6,259 million, with operating profit margin moving up modestly by 0.7% point to 21.1%, mainly due to the EBIT margin improvement of the retail segment.

Our China associated companies also recorded satisfactory results during the financial year. Their profit contribution increased from HK$84 million to HK$130 million due to strong turnover growth and an improving EBIT margin.

The Group's earnings before tax rose to HK$6,538 million, representing an increase of 33.8% from the last financial year. The overall effective tax rate was lowered for the financial year mainly due to an one-time tax provision write-back arising out of final determination of tax dispute in Germany. With higher turnover, expanded margins and lower overall effective tax rate, net earnings of the Group increased by 38.6% to HK$5,180 million and net earnings margin expanded by 1.5% points to 17.5%. Return on asset ratio expanded by 2.0% points to 34.7% while return on equity improved by 2.6% points to 48.9% from that of the last financial year.

Earnings Per Share

Based on the 1,226,436,242 weighted average number of ordinary shares in issue during the financial year, the basic earnings per share were HK$4.22, an increase of 36.6% from the last financial year.

Liquidity and Financial Resources

Our liquidity and financial position continued to improve. As at June 30, 2007, the Group had a net cash balance of HK$5,232 million, an increase of 111.9% from June 30, 2006. This strong financial position is mainly a result of increasing net cash inflow from operating activities, which increased by 71.6% over the last financial year to HK$5,881 million.

As at June 30, 2007, the Group had no long-term bank borrowings and did not pledge any assets as security for overdraft or any short-term revolving facility. Our debt-to-equity ratio (interest bearing external borrowings divided by shareholders' funds) was 0% while our current ratio (current assets divided by current liabilities) improved to 2.5 as at June 30, 2007 (June 30, 2006: 2.3).

Foreign Exchange

To minimize our foreign exchange exposure on sourcing costs for merchandise produced for Europe in Asia, most of the suppliers in Asia were asked to quote and settle in Euros. In addition, the Group entered into foreign exchange forward contracts with major and reputable financial institutions to hedge foreign exchange risk. The notional amount of outstanding forward contracts amounted to HK$948 million as at June 30, 2007, a decrease of HK$384 million over the balance of HK$1,332 million as at June 30, 2006.

HUMAN RESOURCES

As at June 30, 2007, the Group employed over 9,600 staff (June 30, 2006: 8,400), after converting to full-time position terms, around the globe. Remuneration packages that take into account of business performance, market practices and competitive market conditions are offered to employees in compensation for their contributions. In addition, share options and discretionary bonuses are also granted based on the Group's and individual's performances. Employees are connected through the Group's quarterly newsletters and global intranet.

DIVIDENDS

With the strong profitability and our solid financial position, the Board is pleased to recommend the distribution of a final dividend of HK$1.00 per share (FY2005/2006: HK$0.73) and a special dividend of HK$1.48 per share (FY2005/2006: HK$1.08) for the year ended June 30, 2007. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the dividends will be payable on or about Friday, December 7, 2007 to the shareholders whose names appear on the Registers of Members of the Company at close of business on Tuesday, December 4, 2007. The relevant dividend warrants will be despatched to shareholders on or about Thursday, December 6, 2007.

The total dividend, including the interim dividend paid and the proposed final and special dividends, represents a total full year dividend payout ratio of 75.4% (FY2005/2006: 74.8%). The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Wednesday, November 28, 2007 to Tuesday, December 4, 2007, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, November 27, 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the financial year.

AUDIT COMMITTEE

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee comprises four Non-executive Directors, three of whom are independent. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended June 30, 2007.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended June 30, 2007, with the deviations as stated below:

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Heinz Jürgen Krogner-Kornalik, Group CEO, was unanimously elected by the Board as Chairman on December 5, 2006. The dual role arrangement is considered to be appropriate by the Board at the current stage of development of the Company and will be reviewed periodically.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company have not been appointed for a specific term. However, under Bye-law 87 of the Company's Bye-laws, all Directors, including Non-executive directors of the Company, are subject to retirement by rotation and re-election in the annual general meeting of the Company and each Director is effectively appointed under an average term of 3 years.

The Company has strong commitment to act responsibly and therefore places a great deal of emphasis on ethical sourcing practices and enforces this belief with our suppliers and business partners. Social compliance audits are also performed regularly.

Our continuing effort to enhance shareholder value has gained market recognition in the past year. The Company was ranked as the "New Growth Stock" by Börse Aktuell, the highest average analyst rating among Hang Seng Index constituents by Bloomberg and one of the "Fabulous 50" by Forbes Asia.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended June 30, 2007.

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended June 30, 2007 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("SEHK")

The final results announcement is published on the websites of SEHK (http://www.hkex.com.hk) and the Company (http://www.espritholdings.com). The annual report will be despatched to the shareholders and will be available on the websites of SEHK (http://www.hkex.com.hk) and the Company (http://www.espritholdings.com) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	Heinz Jürgen KROGNER-KORNALIK *(Chairman)* John POON Cho Ming *(Deputy Chairman)* Thomas Johannes GROTE Jerome Squire GRIFFITH
Non-executive Directors:	Jürgen Alfred Rudolf FRIEDRICH Michael YING Lee Yuen
Independent Non-executive Directors:	Paul CHENG Ming Fun Alexander Reid HAMILTON Raymond OR Ching Fai

By Order of the Board
John POON Cho Ming
Deputy Chairman

Hong Kong, August 29, 2007