ESPRIT ANNOUNCES 24.5% NET PROFIT GROWTH

- **Proposed full year dividend payout ratio: 80% of EPS**
- **Group turnover grew 25.6% to HK$37.2 billion**
- **Net profit rose 24.5% to HK$6.5 billion**
- **Basic EPS increased 23.5% to HK$5.21 per share**
- **Net cash position augmented to over HK$6.5 billion**

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 330)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2008

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, 2008 together with comparative figures for the year ended June 30, 2007. 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, 2008 HK$ million	2007 HK$ million
Turnover	2	**37,227**	29,640
Cost of goods sold		**(17,257)**	(13,755)
Gross profit		**19,970**	15,885
Staff costs		**(4,426)**	(3,514)
Operating lease charge		**(2,918)**	(2,325)
Depreciation		**(750)**	(597)
Other operating costs		**(4,155)**	(3,190)
Operating profit	3	**7,721**	6,259
Interest income		**190**	149
Share of results of associates		**145**	130
Profit before taxation		**8,056**	6,538
Taxation	4	**(1,606)**	(1,358)
Profit attributable to shareholders		**6,450**	5,180
Dividends	5	**5,219**	3,916
Earnings per share			
- Basic	6	**HK$5.21**	HK$4.22
- Diluted	6	**HK$5.15**	HK$4.16
Dividend per share		**HK$4.20**	HK$3.18

CONSOLIDATED BALANCE SHEET

	Notes	As at June 30, 2008 HK$ million	2007 HK$ million
Non-current assets			
Intangible assets		**2,121**	2,057
Property, plant and equipment		**3,395**	2,525
Other investments		**7**	7
Investments in associates		**583**	406
Prepaid lease payments		**170**	175
Deferred tax assets		**510**	396
		6,786	5,566
Current assets			
Inventories		**3,170**	2,192
Debtors, deposits and prepayments	7	**5,332**	3,991
Amounts due from associates		**83**	48
Bank balances and cash		**2,767**	1,829
Short-term bank deposits		**3,754**	3,403
		15,106	11,463
Current liabilities			
Creditors and accrued charges	8	**4,571**	3,637
Taxation		**989**	933
		5,560	4,570
Net current assets		**9,546**	6,893
Total assets less current liabilities		**16,332**	12,459
Equity			
Share capital		**124**	123
Reserves		**15,820**	11,958
Shareholders' funds		**15,944**	12,081
Non-current liabilities			
Deferred tax liabilities		**388**	378
		16,332	12,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

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

In the current financial year, the Group has adopted IFRS 7 “Financial Instruments: Disclosures”, the amendment to IAS 1 “Presentation of Financial Statements – Capital Disclosures” and IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions”.

IFRS 7 and the complementary amendment to IAS 1 introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group’s financial instruments.

IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have any impact on the Group’s financial statements but has an impact on the Company’s profit attributable to shareholders and equity for the current and prior years.

The Group did not early adopt the following International Accounting Standards ("IAS”), IFRS and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations that have been issued up to the date of approval of these consolidated financial statements. The adoption of these standards is anticipated not to result in substantial changes to the Group’s accounting policies, except for IAS 1 (Revised) “Presentation of Financial Statements”, IFRS 8 “Operating Segments”, IAS 27 (Revised) “Consolidated and Separate Financial Statements” and IFRS 3 (Revised) “Business Combinations”. The adoption of IAS 1 (Revised) and IFRS 8 may result in changes in disclosures and presentation of the consolidated financial statements while the Group is in the process of making an assessment of the impact of IAS 27 (Revised) and IFRS 3 (Revised) upon initial application.

		Effective for accounting periods beginning on or after
IAS 1 (Revised)	Presentation of Financial Statements	January 1, 2009
IAS 23 (Amendment)	Borrowing Costs	January 1, 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements	July 1, 2009
IAS 32 and IAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	January 1, 2009
IAS 39 (Amendment)	Eligible Hedged Items	July 1, 2009
IFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations	January 1, 2009
IFRS 3 (Revised)	Business Combinations	July 1, 2009
IFRS 8	Operating Segments	January 1, 2009
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
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
Various IASs and IFRSs	Improvements to IFRSs	January 1, 2009 or July 1, 2009 *

* All the amendments will be effective for accounting periods beginning on or after January 1, 2009 except the amendments to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which will be effective for accounting periods beginning on or after July 1, 2009.

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.

	2008 HK$ million	2007 HK$ million
Turnover		
Sales of goods	**36,998**	29,429
Licensing and other income	**229**	211
	37,227	29,640

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 owners' initiative to develop the brand globally both in existing and prospective new markets.

	For the year ended June 30, 2008				
	Wholesale HK$ million	**Retail HK$ million**	**Licensing & others HK$ million**	**Eliminations HK$ million**	**Group HK$ million**
Turnover	**20,943**	**16,055**	**229**	**-**	**37,227**
Inter-segment sales	**-**	**-**	**959**	**(959)**	**-**
	20,943	**16,055**	**1,188**	**(959)**	**37,227**
Segment results	**5,207**	**2,012**	**588**	**(4)**	**7,803**
Unallocated net expenses					**(82)**
Interest income					**190**
Share of results of associates					**145**
Profit before taxation					**8,056**
Segment EBIT – ex-inter-segment licensing expense/income (note)	**5,545**	**2,129**	**133**	**(4)**	**7,803**

	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
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

note: The trademark owners receive licensing income based on wholesale and retail turnover. Should the licensing fee not be allocated to the wholesale and retail segments, 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$5,545 million** (2007: HK$4,387 million) and **HK$2,129 million** (2007: HK$1,943 million) respectively, representing wholesale segment EBIT margin ("segment EBIT/segment turnover") of **26.5%** (2007: 26.4%) and retail segment EBIT margin of **13.3%** (2007: 15.1%).

Secondary reporting format – geographical segments

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

	2008 **HK$ million**	2007 HK$ million
Europe	**32,296**	25,573
Asia Pacific	**4,073**	3,367
North America and others	**858**	700
	37,227	29,640

3. Operating profit

	2008 HK$ million	2007 HK$ million
Operating profit is arrived at after charging and (crediting) the following:		
Auditors' remuneration	**14**	11
Depreciation	**750**	597
Impairment of property, plant and equipment	**23**	16
Loss on disposal of property, plant and equipment	**33**	25
Amortization of prepaid lease payments	**5**	5
Operating lease rental expenses – land and buildings (including variable rental of **HK$153 million** (2007: HK$126 million))	**2,918**	2,325
Net exchange losses on foreign currency forward contracts	**133**	78
Other net exchange gains	**(307)**	(54)
Net charge for provision for obsolete inventories	**20**	21
Provision for impairment of trade debtors/bad debts written off	**86**	76
Provision for retail store exit costs	**-**	4

4. Taxation

	2008 HK$ million	2007 HK$ million
Current tax		
Hong Kong profits tax		
Provision for current year	**-**	-
Overseas taxation		
Provision for current year	**1,660**	1,586
Underprovision/(Reversal of provision) in respect of prior years	**17**	(178)
	1,677	1,408
Deferred tax		
Current year	**(157)**	(50)
Effect of changes in tax rates	**86**	-
Taxation	**1,606**	1,358

Hong Kong profits tax is calculated at **16.5%** (2007: 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

	2008 **HK$ million**	2007 HK$ million
Paid interim dividend of **HK$0.95** (2007: HK$0.70) per share	**1,181**	861
Proposed		
- final dividend of **HK$1.15** (2007: HK$1.00) per share	**1,429**	1,232*
- special dividend of **HK$2.10** (2007: HK$1.48) per share	**2,609**	1,823*
	5,219	3,916

The amount of 2008 proposed final and special dividends is based on **1,242,504,934 shares** (2007: 1,231,930,434 shares as at August 29, 2007) in issue as at **August 27, 2008**. The proposed final and special dividends for 2008 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, 2009.

* The actual final and special dividends paid for 2007 was HK$3,075 million due to additional shares issued during the period from August 30, 2007 to December 4, 2007, 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$6,450 million** (2007: HK$5,180 million) and the weighted average number of shares in issue during the year of **1,238 million** (2007: 1,226 million).

The calculation of diluted earnings per share is based on the profit attributable to shareholders of **HK$6,450 million** (2007: HK$5,180 million) and the weighted average number of shares in issue during the year of **1,251 million** (2007: 1,245 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 include trade debtors. The ageing analysis by due date of trade debtors net of provision for impairment is as follows:

	2008 **HK$ million**	2007 HK$ million
Current	**3,268**	2,479
1-30 days	**366**	238
31-60 days	**151**	84
61-90 days	**63**	76
Over 90 days	**159**	91
Amount past due but not impaired	**739**	489
	4,007	2,968

The Group's sales to retail customers are made in cash, bank transfer or by credit card. The Group also grants credit period, which is usually 30 to 60 days to certain wholesale and franchise customers.

8. Creditors and accrued charges

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

	2008 **HK$ million**	2007 HK$ million
0-30 days	**1,419**	1,347
31-60 days	**94**	55
61-90 days	**17**	7
Over 90 days	**42**	29
	1,572	1,438

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONS REVIEW

The Group once again delivered another set of record results amid a tough macro environment and an increasingly competitive market. Our success over the last forty years hinges on the continual smooth execution of our growth strategy and our proven business model. They have not only positioned us well for multi-staged growth but also provided us with diversification benefits by operating both wholesale and retail at the same time. After all these years of effort, our distribution network continue to grow and the total sales area of directly managed retail stores and controlled-space wholesale point-of-sales exceeded 1,000,000 m^2 as at June 30, 2008, a major milestone for the Group. We are confident that this proven business model can guide us through the challenges.

Region

Turnover by Regions

	Europe				
	Germany*	Rest of Europe	Asia Pacific	North America & others	Total
FY2007/2008 turnover (HK$ m)	17,387	14,909	4,073	858	37,227
% of Group's turnover	46.7%	40.0%	10.9%	2.4%	100.0%
% growth from last financial year	24.8%	28.1%	21.0%	22.6%	25.6%

* Turnover of Germany includes wholesale sales orders taken up by Germany and sold to countries out of Germany, mainly Russia, Poland, Greece and Croatia

Europe

The region recorded a healthy turnover growth of 26.3% during the financial year supported by stable growth in the core markets and stronger growth in the focus markets.

Germany and Benelux continued to grow steadily while focus markets of the region, such as France and Scandinavia, both grew at a much faster pace with each recording turnover growth of 33.9% driven by the acceleration of distribution network expansion. Spain and Italy, the youngest markets in the region, also recorded healthy turnover growth of 37.6% and 19.8% respectively.

The Group continues to expand in Eastern and Southeastern Europe, such as Russia, Poland, Czech Republic and Serbia, where the growth potential is huge and our penetration is low. During the financial year, turnover growth in Eastern and Southeastern Europe stayed high at 67% and their turnover contribution to the Group increased to 2%.

Asia Pacific

Overall, the retail segment of the region reported continual recovery with gradual improvement in both top-line growth and profitability. On the other hand, turnover growth of Malaysia and Singapore stayed similar to that of the last financial year at about 40% and 20% respectively.

On the wholesale front, the rapid expansion of our wholesale distribution network in China, India and Thailand provided solid support to their high growth momentum.

North America and others

The financial year just ended was an eventful year for the region given the challenging macro environment. Our persistence and efforts have enabled us to focus on growing its top-line. During the financial year, over 10 new directly managed retail stores were opened including the flagship store at Rockefeller Centre, New York and the mega store in St Catherine Street, Montreal. In addition, we advertised on around 1,000 taxi tops in New York City which attracted much public attention, and successfully enhanced brand awareness. Amid weak consumer market sentiment, the region recorded over 20% turnover growth.

Distribution Channels

Turnover by Distribution Channels

	Wholesale	Retail	Licensing & others	Total
FY2007/2008 turnover (HK$ m)	20,943	16,055	229	37,227
% of Group's turnover	56.3%	43.1%	0.6%	100.0%
% growth from last financial year	26.2%	25.2%	8.5%	25.6%

Wholesale

The wholesale turnover growth stayed healthy due to ongoing network expansion. Our controlled wholesale space grew to over 746,000 m^2 by adding over 1,200 controlled-space wholesale point-of-sales as at June 30, 2008.

Wholesale Turnover by Major Markets

	Germany*	Benelux	France	Rest of Europe	Asia Pacific	North America	Total
FY2007/2008 turnover (HK$ m)	9,434	3,475	2,422	3,968	1,470	174	20,943
% of wholesale turnover	45.0%	16.6%	11.6%	18.9%	7.0%	0.9%	100.0%
% growth from last financial year	23.6%	23.8%	30.7%	27.7%	38.0%	28.5%	26.2%
Controlled wholesale space growth from last financial year	12.5%	15.1%	22.0%	19.3%	33.2%	n.a.	18.5%

n.a. means not applicable

* Wholesale turnover of Germany includes wholesale sales orders taken up by Germany and sold to countries out of Germany, mainly Russia, Poland, Greece and Croatia

In Germany and Benelux, we focus on fine-tuning the wholesale distribution network expansion strategy by establishing more partnership stores, which are much bigger in size than other types of controlled-space wholesale point-of-sales. We believe by having more partnership stores, we can further strengthen brand image and presence in these stable markets. As at June 30, 2008, partnership stores accounted for about 30% and over 60% of the controlled wholesale space in Germany and Benelux respectively.

In addition to France, Scandinavia and Spain were the other two fastest growing wholesale markets in Europe, each with wholesale turnover growth at over 30% amid vast expansion of their wholesale distribution network.

In Asia Pacific, the wholesale turnover growth was contributed by strong growth of Australia and emerging markets of the region. Substantial increase in controlled-space wholesale point-of-sales in major local department store chains, such as Myer and David Jones, drove Australia's wholesale turnover growth to over 70%. The increase in controlled-space wholesale point-of-sales with David Jones was mainly due to converting retail concession counters into controlled-space wholesale point-of-sales, without causing any disturbance to a healthy retail growth.

The wholesale turnover from China grew by 44.7% driven by 35% increase in controlled wholesale space. Contribution from other emerging markets is rising steadily, in particular, India and Russia. In terms of turnover growth, wholesale turnover from India grew by 93.6%, while wholesale turnover from Russia grew by 41.5%. Wholesale sales to India and Russia collectively accounted for about 1% of the Group's wholesale turnover. As at June 30, 2008, we had over 35 controlled-space wholesale point-of-sales in each of India and Russia representing 164% and 25% increase from June 30, 2007 respectively.

Retail

The retail turnover growth was mainly driven by 6.9% comparable-store-sales growth and 14.3% increase in retail selling space. Our investment in the retail segment increased to HK$1,131 million for opening new directly managed retail stores and renovating existing stores. As at June 30, 2008, we had over 270,000 m^2 retail selling space and over 690 directly managed stores stretching from Oslo to Melbourne and from Taipei to New York. Among the new directly managed retail stores opened, 5 were flagship stores situated in Berlin, Illkrich-Grafenstaden, Oslo, New York and Kuala Lumpur.

Retail Turnover by Major Markets

	Europe						
	Germany	Benelux	France	Rest of Europe	Asia Pacific	North America	Total
FY2007/2008 turnover (HK$ m)	7,901	2,308	833	1,884	2,473	656	16,055
% of retail turnover	49.2%	14.4%	5.2%	11.7%	15.4%	4.1%	100.0%
% growth from last financial year	26.1%	26.7%	43.7%	29.3%	14.2%	22.1%	25.2%
Retail selling space growth from last financial year	9.5%	10.9%	51.9%	25.9%	6.8%	23.3%	14.3%
Comparable-store-sales growth from last financial year	7.2%				6.2%	0.5%	6.9%

In Europe, the retail turnover grew by 27.7% backed by healthy retail turnover growth in core markets, such as Germany, Benelux and France, as well as new retail markets the Group has entered during the financial year.

France is one of our key focus markets and we continue to grow our presence in cities, such as Paris, Nice, Avignon and Dijon. A flagship store was also opened in Illkirch-Graffenstaden with over 1,000 m^2 floor space.

During the financial year, we entered the Spanish retail market and opened our first directly managed retail store in Madrid in November 2007. As at June 30, 2008, we had 5 directly managed retail stores in Spain.

In addition, we expanded our retail operation to Finland and Norway. Three new directly managed retail stores were opened including two directly managed retail stores with floor space of about 1,000 m^2 each in Helsinki and Oslo during the financial year. As a result of this retail expansion, the retail turnover of Scandinavia grew by over 80% from the last financial year.

The lower retail turnover growth in Asia Pacific was mainly due to the negative retail turnover growth in Hong Kong partially compensated by the strong retail turnover growth in Australia. The negative retail turnover growth in Hong Kong was caused by store portfolio restructuring. This involved closing non-performing stores and opening new directly managed retail stores in better locations. As a result, the retail selling space in Hong Kong was reduced by 7.6%. In Australia, the retail segment demonstrated healthy turnover growth of 28% backed by healthy comparable-store-sales growth of 7.9% and retail space growth of 10.1%.

Since its launch in 1999, e-shop has grown rapidly and become an important part of the retail segment. At present, e-shop is available in over 10 countries, mainly in Europe. We believe e-shop will continue to complement our retail network.

Licensing

The licensing turnover grew healthily at 21.2% mainly driven by the strong turnover growth of a few key licensed products, such as fragrance, eyewear and home products. The newly launched maternity licensed products also performed well and already made noticeable sales contribution to the overall licensing segment.

We currently work with over 30 licensees and offer more than 30 categories of Esprit licensed products worldwide. During the financial year, we further expanded the home textile category to include kids assortment, such as baby furniture, baby sleeping bags, kids carpets, kids watches and school products. In the second half of the financial year, we also launched Esprit home porcelain, the first complete lighting collection and edc jewelry.

Products

Over the last forty years, we have worked hard on providing quality products at affordable price to our customers. This involves continual refreshing the newness of the product portfolio and improving product quality. The efforts were paid up as the inventory turnover days improved by 1 day to 54 days from last financial year despite the challenging market conditions in the second half of the financial year. During the financial year, we continued to put in efforts and resources in developing edc as a separate brand. In addition, we launched de.corp in March 2008.

Turnover by Key Product Divisions – Esprit brand

	Casual		Collection		Others*	Total
	Women	Men	Women	Men		
FY2007/2008 turnover (HK$ m)	12,691	4,485	2,321	806	7,897	28,200
% of Group's turnover	34.1%	12.0%	6.2%	2.2%	21.3%	75.8%
% growth from last financial year	19.8%	37.1%	22.2%	30.4%	21.9%	23.4%

* Others include Esprit's accessories, shoes, kids, sports, bodywear, de.corp, red earth, salon and licensed products

Casual, as a whole, recorded 23.9% turnover growth while Collection recorded 24.2% turnover growth. Menswear recorded the strongest turnover growth among all the key product divisions of Esprit mainly due to strong product acceptance.

Officially launched in March 2008, de.corp targets young women and offers collections that are edgy, authentic and made for urban lifestyle. Currently, de.corp is distributed via Esprit's wholesale and retail distribution network in 10 European countries.

Turnover by Key Product Divisions – edc brand

	Women	Men	Others*	Total
FY2007/2008 turnover (HK$ m)	6,831	1,213	983	9,027
% of Group's turnover	18.3%	3.3%	2.6%	24.2%
% growth from last financial year	29.6%	77.2%	18.8%	33.1%

* Others include edc kids, edc accessories, edc shoes and edc bodywear

The growth momentum of key edc products remained strong. To sustain its growth momentum, various initiatives have been implemented. During the financial year, we opened over 15 new edc standalone stores in Europe and Asia making the total number of edc standalone stores to reach 40 as at June 30, 2008. The retail selling space of these directly managed retail stores increased substantially by nearly 80%. Moreover, a lot of marketing initiatives specially designed for targeting edc audiences were made. For instance, edc was the official sponsor of MTV Europe Music Award in November 2007. The event attracted much publicity and further improved brand awareness. We have also launched www.edc.com, where there are edc's e-shop and its online showroom.

FINANCIAL REVIEW

Turnover

Turnover of the Group grew to HK$37.2 billion (FY2006/2007: HK$29.6 billion) supported by continual expansion of our distribution network and healthy growth momentum of our core markets.

Profitability

The Group's operating profit increased to HK$7,721 million (FY2006/2007: HK$6,259 million). Operating profit margin was 20.7% (FY2006/2007: 21.1%). The wholesale EBIT margin was 26.5% (FY2006/2007: 26.4%) and the retail EBIT margin was 13.3% (FY2006/2007: 15.1%). The change of overall operating profit margin was mainly due to slight improvement in wholesale EBIT margin offset by the decline in retail EBIT margin partially caused by accelerated retail expansion.

The profit contribution from our China associated companies increased to HK$145 million (FY2006/2007: HK$130 million) due to high turnover growth partially offset by higher tax expense.

The Group's earnings before tax grew to HK$8,056 million (FY2006/2007: HK$6,538 million). Effective tax rate of the Group declined to 19.9% (FY2006/2007: 20.8%). Net profit of the Group grew to HK$6,450 million (FY2006/2007: HK$5,180 million) while net profit margin of the Group was 17.3% (FY2006/2007: 17.5%). Return on equity was 46.0% (FY2006/2007: 48.9%).

Earnings Per Share

Based on the 1,238,418,256 weighted average number of ordinary shares in issue during the financial year, the basic earnings per share grew to HK$5.21 (FY2006/2007: HK$4.22).

Liquidity and Financial Resources

As at June 30, 2008, the Group's net cash balance advanced to HK$6,521 million (June 30, 2007: HK$5,232 million). The Group increased the capital expenditure to HK$1,352 million (FY2006/2007: HK$615 million) to support ongoing distribution network expansion and accelerating the retail expansion.

As at June 30, 2008, 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 borrowing divided by shareholders' funds) was 0%. Our current ratio improved to 2.7 times (June 30, 2007: 2.5 times).

Foreign Exchange Risk Management

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 reputable financial institutions to hedge foreign exchange risk.

HUMAN RESOURCES

After converting to full-time position terms, the Group employed over 10,000 staff worldwide (June 30, 2007: 9,617) as at June 30, 2008. 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

The Board is pleased to recommend the distribution of a final dividend of HK$1.15 per share (FY2006/2007: HK$1.00) and a special dividend of HK$2.10 per share (FY2006/2007: HK$1.48) for the year ended June 30, 2008. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the dividends will be payable on or about Tuesday, December 16, 2008 to the shareholders whose names appear on the Registers of Members of the Company at close of business on Thursday, December 11, 2008. The relevant dividend warrants will be despatched to shareholders on or about Monday, December 15, 2008.

The total dividend, including the interim dividend paid and the proposed final and special dividends, represents a total full year dividend payout ratio of around 80% (FY2006/2007: 75.4%) of the earnings per share of the Group for the year ended June 30, 2008. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

PROSPECTS

In view of adverse macro market conditions, although we expect the year ahead remains challenging, we will continue to position ourselves for long-term growth through careful planning and execution of our growth strategy. We target to maintain stable operating profit margins while continuing our efforts in growing across distribution channels and regions, focusing on expanding markets where there is high growth potential and low penetration. The Group expects stable growth in core markets and comparatively much faster growth in the rest of Europe and the overall growth to be in line with that of industry leaders.

We will continue to enhance our international presence through broadening our retail and wholesale distribution network. The Group intends to invest about HK$1 billion to open over 130 new directly managed retail stores (gross), and over HK$300 million in revamping existing stores to optimize the selling space and improve store layout.

In the new financial year, we intend to open over 20 edc standalone stores in Europe and Asia Pacific. Various promotional activities are planned for edc. For instance, in addition to sponsoring the MTV Europe Music Awards 2008 in Liverpool, U.K., the cooperation will be expanded to the sponsorship of the MTV Asia Awards in Malaysia. A co-branded MTV/edc line will be showcased in our stores around October and November 2008. edc club is planned to be launched in Asia Pacific to reward our loyal customers.

Geographically, we plan to open over 20, 10 and 5 new directly managed retail stores in Germany, Scandinavia and France respectively. Besides, our retail distribution network will also expand to Portugal, of which we expect its first directly managed retail store to be opened in winter 2008. In Asia Pacific, we target to open more flagship stores in the region in the future. Initially, one flagship store each is planned to open in Singapore and Hong Kong in the first half of the new financial year. In North America, the Group will continue to open new directly managed retail stores within investment budget.

The wholesale network will further expand in the new financial year and we target to increase the number of controlled-space wholesale point-of-sales by over 2,000 (gross). Majority of this new space will be located in Germany, Benelux, France and China. In Asia Pacific, we aim at accelerating wholesale sales growth in India, China and Middle East.

On product offerings, the Group will further develop the new de.corp line and continue to grow the edc product family, such as accessories and shoes. Moreover, we are making major quality uplift of Collection Women and Collection Men.

Around September and October 2008, Esprit will be celebrating its 40th anniversary with its employees and customers through various events. We have developed a special Celebration 68/08 look which conveys everything that Esprit has always represented: freshness, youth, spontaneity and sportiness. Throughout 2008, the shop windows of Esprit stores and wholesale partners will be decked out in an individual visual concept. The website and shopping bags will also feature the Celebration look. On the product side, there will be numerous Esprit Celebration 68/08 edition licensed products, from perfume to eyewear, socks and tights through to Esprit home products.

Our consistent performance enabled us to deliver an excellent track record of organic growth in both good and bad times. Although the macro environment is challenging, we maintain a positive outlook on our future and will continue to grow our business by expanding the geographical reach and strengthening our product offerings. With careful planning, disciplined execution and our financial strength, the Group remains confident to continue enhancing shareholders' return in future.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, November 28, 2008 to Thursday, December 11, 2008, 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 Thursday, November 27, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s shares during the year. The Company has purchased 2,615,500 shares of the Company’s shares in July 2008 after the financial year end.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company has an Audit Committee comprising of five Non-executive Directors of the Company, four of whom are Independent Non-executive Directors of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls, and financial reporting matters including the review of the consolidated results of the Group for the year ended June 30, 2008.

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, 2008, 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.

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, 2008.

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended June 30, 2008 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:	Mr. Heinz Jürgen KROGNER-KORNALIK *(Chairman)* Mr. Thomas Johannes GROTE Mr. Jerome Squire GRIFFITH
Non-executive Directors:	Mr. Jürgen Alfred Rudolf FRIEDRICH
Independent Non-executive Directors:	Mr. Paul CHENG Ming Fun *(Deputy Chairman)* Mr. Alexander Reid HAMILTON Dr. Hans-Joachim KÖRBER Mr. Raymond OR Ching Fai

By Order of the Board
Bella CHHOA Peck Lim
Company Secretary

Hong Kong, August 27, 2008