

Esprit Reports 67% Net Profit Growth Record High Turnover, Margins and ROE

- **Group turnover increased 26% to over HK\$20 billion**
- **Earnings per share rose 66% to HK\$2.79**
- **Net profit margin expanded to 16.2%**
- **Return on Shareholders' Equity over 53%**
- **Proposed total dividend: HK\$1.8 billion
final: HK\$0.66/share, special: HK\$0.84/share**

HONG KONG, September 13, 2005 – Esprit Holdings Limited (SEHK: 330; LSE: EPT LI) today announced final results for the fiscal year ended June 30, 2005.

Commenting on the results, Mr. Michael Ying, Chairman of the Board, said, “FY2004/2005 results demonstrated that we are on our way in making Esprit the leading lifestyle brand name in the world. We continued fostering business growth while delivering solid results and setting new records,”

Mr. Ying continued, “armed with a net cash inflow from operating activities of over HK\$2.7 billion and a debt-free balance sheet, the Board proposes to distribute approximately HK\$1.8 billion in total dividends to our shareholders,”

Mr. Heinz Krogner, Deputy Chairman and Group CEO commented, “While our core markets remain in Germany and Benelux, strong growth

is seen in France, Scandinavia and Austria. Furthermore, we have established a firm footing in new markets such as Spain, Italy and the Middle East. We have also reached a major milestone where the right strategic platform and a scalable business model are in place,”

Mr. John Poon, Deputy Chairman and Group CFO, stated, “Global sales grew 26% and exceeded HK\$20 billion, net profits rose 67% to HK\$3.3 billion and to top it all, we have attained record breaking margins. The Group’s operating margin (EBIT margin) rose 2.8% points to over 20% and net profit margin expanded 4% points to over 16%,”

Mr. Krogner added, “in the new financial year, we will continue with our strategic international expansion while maintaining a reasonable return. In addition to 1,400 wholesale points-of-sales planned, the Group has committed around HK\$900 million to open over 110 new directly managed retail stores and renovate existing outlets worldwide,”

“Though the achievements in FY2004/2005 were remarkable,” said Mr. Ying, “we will continue to strengthen our operations in anticipation of future challenges and pursue new initiatives to fuel sustainable growth in the long run,” concluded Mr. Ying.

ESPRIT HOLDINGS LIMITED
AUDITED CONSOLIDATED FINANCIAL DATA
(in HK\$ millions, except per share data)

	Year Ended June 30		Year-on-year growth
	2005	2004	
Turnover	20,632	16,357	26.1%
Operating Profit (EBIT)	4,202	2,872	46.3%
Profit attributable to Shareholders	3,338	2,003	66.6%
Operating Margin	20.4%	17.6%	2.8% pts
Net Margin	16.2%	12.2%	4.0% pts
Basic EPS	HK\$2.79	HK\$1.68	66.0%
Final Dividend	HK\$0.66	HK\$0.48	37.5%
Special Dividend	HK\$0.84	HK\$0.50	68.0%
Return on Equity (ROE)	53.6%	41.7%	11.9% pts
Shareholders' Funds	7,039	5,415	30.0%

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Esprit Holdings Limited (www.espritholdings.com) is a constituent stock of the Hang Seng Index, MSCI Hong Kong Index, FTSE All-World Index for Hong Kong, S&P/HKEx LargeCap Index and S&P Asia 50 Index. Its subsidiaries are engaged in the retail and wholesale distribution of quality lifestyle products designed under its globally recognized ESPRIT brand and of cosmetic and body care products under its RED EARTH brand. The Group operates approximately 630 directly managed retail stores worldwide and distribute through over 9,700 wholesale points-of-sales internationally, occupying over 630,000 square meters of retail space in more than 40 countries.

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Issued by Esprit Holdings Ltd. For further details or enquiry, please contact Karen Koo.

Tel: (852) 2765-4360
Fax: (852) 2362-5576
Email: karen.koo@esprit.com

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