

Esprit Reports HK\$2 Billion Net Profit

- **Group turnover increased 32% to over HK\$16 billion**
- **Earnings per share rose 54% to HK\$1.68**
- **Return on Equity exceeded 40%**
- **Net cash position reached almost HK\$1.8 billion**
- **Proposed Final Dividend: HK48 cents per share**
- **Proposed Special Dividend: HK50 cents per share**

HONG KONG, September 15, 2004 – Esprit Holdings Limited (SEHK: 330; LSE: EPT LI) today announced final results for the fiscal year ended June 30, 2004.

Commenting on the results, Mr. Michael Ying, Chairman of the Board, said, “FY2003/2004 was another remarkable year for **ESPRIT** in which we surpassed HK\$16 billion in worldwide turnover and HK\$2 billion in net profit. Not only did we exceed the financial targets set at the beginning of the financial year, we also achieved significant margin improvements with over 40% return on shareholders’ equity. Our strong performance bode us well against our international competitors and reflects our strengths as a global brand,”.

“We believe in sharing our success with our shareholders and our Board of Directors has recommended a final dividend of HK48 cents per share and a special dividend of HK50 cents per share. Together with the interim dividend of HK19 cents, total dividend for the year will increase 67% to HK\$1.17 per share, returning approximately HK\$1.4 billion to our shareholders for the full year,” said Mr. Ying.

Mr. Heinz Krogner, Deputy Chairman and Group CEO commented, “our global unification of the **ESPRIT** brand and the integration of our international operation are progressing well which have translated into group wide profitability enhancement,” Mr. Krogner continued, “during the year we also strengthened the **ESPRIT** brand by positioning it as an international youthful lifestyle brand, offering ‘smart affordable luxury’ and bringing newness and lifestyle to our customers. This unique positioning has reinforced Esprit’s brand dominance in our core markets, thereby capturing more market share,”.

“Our success continues to be built on our uncompromising focus on quality and value, a broader range of fresh market driven products, and our flexible multi-channel distribution strategy,” Mr. Krogner added, “the European retail expansion that we started few years ago is beginning to bear fruits and it has strengthened our distribution capability and our control on the **ESPRIT** brand identity,”.

Mr. John Poon, Deputy Chairman and Group CFO, stated, “we adopted International Financial Reporting Standards (“IFRS”) this year for better quality disclosure which is an essential element of good corporate governance,” Mr. Poon added, “as an international company with operations worldwide and a diverse international shareholder base, we believe adopting an internationally recognized accounting standard will improve transparency and allow our financial statements to be better understood by our shareholders, the capital markets and other users globally,”.

“It was another great year for Esprit as the Group achieved margin improvements at all levels, from gross profit margin to operating profit margin, all led to a healthy net profit margin expansion to over 12%,” added Mr. Poon. “with a debt-free balance sheet and net cash of almost HK\$1.8 billion, we are in a very good position to continue our strategic international expansion while maintaining a reasonable return for our shareholders. The Group has committed around HK\$800 million this financial year to open approximately 40 new stores in Europe, 15 in Asia, 25 in Australasia and 15 in North America,”.

“Esprit’s global reach is still at infancy and there are plenty of untapped opportunities waiting for us to unravel. We are confident that we can maintain the momentum of 11 consecutive years of growth well into the future,” concluded Mr. Ying.

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

	Year Ended June 30		Year-on-year growth
	2004	2003	
Turnover	16,357	12,381	32.1%
Operating Profit (EBIT)	2,872	1,824	57.4%
Profit attributable to Shareholders	2,003	1,289	55.4%
Gross Margin	52.1%	49.9%	2.2% pts
Operating Margin	17.6%	14.7%	2.9% pts
Net Margin	12.2%	10.4%	1.8% pts
Basic EPS	HK\$1.68	HK\$1.09	53.9%
Final Dividend	HK\$0.48	HK\$0.33	47.7%
Special Dividend	HK\$0.50	HK\$0.30	66.7%
Return on Equity (ROE)	41.7%	35.6%	6.1% pts
Shareholders' Funds	5,415	4,192	29.2%
Net Cash	1,758	1,320	33.1%

RECENT AWARDS

Source	Recognition	Date
<i>Forbes magazine</i>	World's 400 Best Big Companies The 'A' List	<i>September 2004</i>
<i>CG Watch – Corporate Governance in Asia CLSA (in collaboration with the Asian Corporate Governance Association)</i>	CG Star No.3 in Asia	<i>September 2004</i>

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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 560 directly managed retail stores worldwide and distribute through over 7,500 wholesale points-of-sales internationally, occupying over 450,000 square meters of retail space in more than 40 countries.

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