

## **Esprit announces its final results for the year ended June 30, 2000**

**HONG KONG, September 28, 2000** – Esprit Holdings Limited (SEHK: 330; LSE: EPT) announced outstanding final results for the fiscal year ended June 30, 2000. The company recorded an operating profit after finance costs of HK\$871 million, representing a hefty 40% increase over the previous year. Net profit soared to a record HK\$460 million. Turnover increased by over 21% to HK\$7,277 million.

Earnings per share before exceptional items rose 29% to 41.3 HK cents, and the board of directors recommended a final dividend of 11.2 HK cents per share. Together with an interim dividend of 3.8 HK cents, the full year dividend per share rose to 15.0 HK cents.

At a press conference in Hong Kong today, Michael Ying, Esprit's Chairman and Chief Executive Officer, said Esprit had ended the year financially stronger than ever. "Against the backdrop of a difficult market environment in the apparel and retail industries, we achieved, since our listing on the Hong Kong stock exchange in 1993, seven consecutive years of growth in turnover and operating profit reaching a record high of HK\$7.27 billion and HK\$871 million respectively this fiscal year," he said.

Turnover in Europe increased by 39% (in Euro terms) with Germany, the group's biggest market, reported similar growth rate of 39%. Hong Kong, Esprit's second largest market, reported excellent growth of 44%, despite prevailing poor retail sentiment. Asia Pacific as a whole achieved a 16% growth.

Sales growth in many product lines was significant. Turnover in women's wear, representing some 50% of the group's turnover, grew by 21%, while smaller lines like men's wear and shoes increased by 46% and 36%, respectively.

Complementing this well-rounded expansion was a corresponding decrease in operating expenses by more than 3% as a percentage of sales in this fiscal year.

John Poon, Executive Director and Group Chief Financial Officer, said: "Our group's earnings would have even been better had it not been impacted by the depreciation of Euro. Nevertheless, we have attained a return on equity of 27% which is among the highest in comparable apparel companies globally."

"We have a healthy balance sheet and managed not only to increase our cash on hand but also to reduce our bank borrowings during the year under review. Our interest cover was improved to over 23 times. The company ended the fiscal year in a strong net cash position (after bank borrowings) of HK\$325 million, and has dedicated over HK\$450 million for capital expenditure in the new fiscal year, primarily to roll out new retail stores," added Mr Poon.

"Our goal is to continue expanding in all areas of our business: in distribution network, in established and new product lines, in existing and potential markets, and to enhance profitability and shareholder value. We believe we have a proven business model comprising a strong international brand name, quality products at reasonable prices, a powerful wholesale and retail distribution network and last, but not least, a dynamic management team that is responsive to constant changes in the global market. We will remain on the fast track towards global expansion," concluded Mr Ying.

Esprit Holdings Limited is a constituent stock of the MSCI Hong Kong Index, and its subsidiaries are engaged in the retail and wholesale distribution of quality lifestyle fashion products under the globally recognized ESPRIT brand. The group has controlled retail space of two million square feet in more than 40 countries worldwide. It operates more than 470 directly managed retail outlets and has over 8,000 wholesale customers. In addition, the group controls the Red Earth brand and distributes its cosmetics, skin and body care products in the Asia Pacific.

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Note to editors: Please visit our website at <http://www.esprit-intl.com>

Issued by Esprit Holdings Limited. For further details or inquiries, please contact: Stella Tse, Corporate Affairs Manager Tel: (852) 2765 4252 Fax: (852) 2764 1723 Email: [stella\\_tse@esprit.com.hk](mailto:stella_tse@esprit.com.hk)