- **Group turnover of HK$34.5 billion and net profit of HK$4,745 million**
- **Retail local currency turnover grew 10%, with 3.5% comparable store sales growth**
- **Net cash position amounted to HK$4.8 billion**
- **Retail and franchise selling space grew 15.4% and 15.5% respectively**
- **Total dividend payout ratio of 75%**

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00330)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2009

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 30 June 2009 together with comparative figures for the year ended 30 June 2008. 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 30 June **2009** **HK$ million**	 2008 HK$ million
Turnover	2	**34,485**	37,227
Cost of goods sold		**(16,523)**	(17,257)
Gross profit		**17,962**	19,970
Staff costs		**(4,051)**	(4,203)
Occupancy costs		**(3,310)**	(3,004)
Logistics expenses		**(1,246)**	(1,360)
Advertising expenses		**(643)**	(629)
Depreciation		**(771)**	(750)
Other operating costs		**(2,212)**	(2,303)
Operating profit	3	**5,729**	7,721
Interest income		**87**	190
Share of results of associates		**161**	145
Profit before taxation		**5,977**	8,056
Taxation	4	**(1,232)**	(1,606)
Profit attributable to shareholders		**4,745**	6,450
Dividends	5	**3,551**	5,219
Earnings per share			
- Basic	6	**HK$3.81**	HK$5.21
- Diluted	6	**HK$3.81**	HK$5.15
Dividend per share		**HK$2.85**	HK$4.20

CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June **2009** **HK$ million**	 2008 HK$ million
Non-current assets			
Intangible assets		**2,061**	2,121
Property, plant and equipment		**4,228**	3,395
Other investments		**7**	7
Investments in associates		**522**	583
Prepaid lease payments		**165**	170
Deferred tax assets		**408**	510
		7,391	6,786
Current assets			
Inventories		**2,997**	3,170
Debtors, deposits and prepayments	7	**4,392**	5,332
Amounts due from associates		**71**	83
Cash and cash equivalents		**4,840**	6,521
		12,300	15,106
Current liabilities			
Creditors and accrued charges	8	**3,849**	4,571
Taxation		**1,142**	989
		4,991	5,560
Net current assets		**7,309**	9,546
Total assets less current liabilities		**14,700**	16,332
Equity			
Share capital		**125**	124
Reserves		**14,284**	15,820
Total equity		**14,409**	15,944
Non-current liabilities			
Deferred tax liabilities		**291**	388
		14,700	16,332

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 International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 13 "Customer Loyalty Programmes" which is effective for the Group's annual accounting period commencing 1 July 2008.

IFRIC 13 addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards as part of a sales transaction. The adoption of this interpretation did not result in any significant change to the Group's accounting policies.

The Group did not early adopt the following International Accounting Standards ("IAS"), IFRS and IFRIC Interpretations that have been issued up to the date of approval of these consolidated financial statements.

		Effective for accounting periods beginning on or after
IAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
IAS 23 (Revised)	Borrowing Costs	1 January 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
IAS 32 and IAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 39 (Amendment)	Eligible Hedged Items	1 July 2009
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 1 and IAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations	1 January 2009
IFRS 3 (Revised)	Business Combinations	1 July 2009
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments	1 January 2009
IFRS 8	Operating Segments	1 January 2009

IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	Transfers of assets from customers on or after 1 July 2009
Various IASs and IFRSs	Improvements to IFRSs	1 January 2009 or* 1 July 2009

* All the amendments will be effective for accounting periods beginning on or after 1 January 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 1 July 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.

	2009 HK$ million	2008 HK$ million
Turnover		
Sales of goods	**34,257**	36,998
Licensing and other income	**228**	229
	34,485	37,227

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 30 June 2009				
	Wholesale HK$ million	**Retail HK$ million**	**Licensing & others HK$ million**	**Eliminations HK$ million**	**Group HK$ million**
Turnover	**17,906**	**16,351**	**228**	**-**	**34,485**
Inter-segment sales	**-**	**-**	**901**	**(901)**	**-**
	17,906	**16,351**	**1,129**	**(901)**	**34,485**
Segment results	**3,869**	**1,734**	**253**	**(27)**	**5,829**
Unallocated net expenses					**(100)**
Interest income					**87**
Share of results of associates					**161**
Profit before taxation					**5,977**
Segment EBIT – ex-inter-segment licensing expense/income (note)	**3,960**	**1,773**	**123**	**(27)**	**5,829**

	For the year ended 30 June 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

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$3,960 million** (2008: HK$5,545 million) and **HK$1,773 million** (2008: HK$2,129 million) respectively, representing wholesale segment EBIT margin ("segment EBIT/segment turnover") of **22.1%** (2008: 26.5%) and retail segment EBIT margin of **10.8%** (2008: 13.3%).

Secondary reporting format – geographical segments

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

	2009 HK$ million	2008 HK$ million
Europe	**29,419**	32,296
Asia Pacific	**4,221**	4,073
North America and others	**845**	858
	34,485	37,227

3. Operating profit

	2009 **HK$ million**	2008 HK$ million
Operating profit is arrived at after charging and (crediting) the following:		
Auditors' remuneration	**13**	14
Depreciation	**771**	750
Impairment of property, plant and equipment	**38**	23
Loss on disposal of property, plant and equipment	**32**	33
Amortization of prepaid lease payments	**5**	5
Occupancy costs		
Operating lease charge (including variable rental of **HK$162 million** (2008: HK$153 million))	**2,497**	2,227
Other occupancy costs	**813**	777
Net exchange losses on foreign currency forward contracts	**40**	133
Other net exchange gains	**(38)**	(307)
Net charge for provision for obsolete inventories	**30**	20
Provision for impairment of trade debtors		
	181	86

4. Taxation

	2009 **HK$ million**	2008 HK$ million
Current tax		
Hong Kong profits tax		
Provision for current year	**1**	-
Overseas taxation		
Provision for current year	**1,346**	1,660
(Reversal of provision) / Underprovision in respect of prior years	**(31)**	17
	1,316	1,677
Deferred tax		
Current year net charge / (credit)	**18**	(157)
Effect of changes in tax rates	**(102)**	86
Taxation	**1,232**	1,606

Hong Kong profits tax is calculated at **16.5%** (2008: 16.5%) 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

	2009 **HK$ million**	2008 HK$ million
Paid interim dividend of **HK$0.80** (2008: HK$0.95) per share	**997**	1,181
Proposed		
- final dividend of **HK$0.72** (2008: HK$1.15) per share	**897**	1,429*
- special dividend of **HK$1.33** (2008: HK$2.10) per share	**1,657**	2,609*
	3,551	5,219

The amount of 2009 proposed final and special dividends is based on **1,246,031,934 shares** (2008: 1,242,504,934 shares as at 27 August 2008) in issue as at **26 August 2009**. The proposed final and special dividends for 2009 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.

In order to maintain a strong balance sheet for future growth, at the Board of Directors' meeting held on 26 August 2009, the Board has recommended to provide the shareholders with an option to receive the final dividend in form of new fully paid shares in lieu of cash. The Board has also recommended that the special dividend be satisfied wholly in form of new fully paid shares without offering any rights to the shareholders to elect to receive such dividend in cash. Such dividends shall be put forth for shareholders' approval at the forthcoming annual general meeting of the Company to be held on 10 December 2009.

* The actual final and special dividends paid for 2008 was HK$4,042 million due to additional shares issued during the period from 28 August 2008 to 11 December 2008, 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$4,745 million** (2008: HK$6,450 million) and the weighted average number of shares in issue during the year of **1,244 million** (2008: 1,238 million).

The calculation of diluted earnings per share is based on the profit attributable to shareholders of **HK$4,745 million** (2008: HK$6,450 million) and the weighted average number of shares in issue during the year of **1,246 million** (2008: 1,251 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:

	2009	2008
	HK$ million	HK$ million
Current	**2,410**	3,268
1-30 days	**246**	366
31-60 days	**137**	151
61-90 days	**76**	63
Over 90 days	**170**	159
Amount past due but not impaired	**629**	739
	3,039	4,007

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:

	2009	2008
	HK$ million	HK$ million
0-30 days	**1,065**	1,419
31-60 days	**59**	94
61-90 days	**17**	17
Over 90 days	**24**	42
	1,165	1,572

9. Comparative figures

Certain comparative figures relating to the operating costs have been reclassified to conform with the current year’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

- The Group's **turnover** was HK$34.5 billion (FY2007/2008: HK$37.2 billion).
- **Operating profit** of the Group was HK$5,729 million (FY2007/2008: HK$7,721 million) reflecting an operating profit margin of 16.6% (FY2007/2008: 20.7%).
- The **profit contribution from our China associated companies** increased to HK$161 million (FY2007/2008: HK$145 million) benefiting from the relatively resilient consumer demand in mainland China.
- The Group's **profit before taxation** was HK$5,977 million (FY2007/2008: HK$8,056 million).
- The **effective tax rate** of the Group was 20.6% (FY2007/2008: 19.9%).
- **Net profit** of the Group was HK$4,745 million (FY2007/2008: HK$6,450 million) and the Group's **net profit margin** was 13.8% (FY2007/2008: 17.3%).
- The Group's **net cash position** was HK$4.8 billion (FY2007/2008:HK$6.5 billion).
- The Board of Directors have proposed a **final and special dividend** of HK$2.05 per share, together with interim dividends paid, representing 75% of basic EPS for the year.

	For the year ended 30 June	
	2009	2008
Turnover	**HK$34,485m**	HK$37,227m
Operating Profit	**HK$5,729m**	HK$7,721m
Net Profit	**HK$4,745m**	HK$6,450m
EPS (Basic)	**HK$3.81**	HK$5.21
GP Margin	**52.1%**	53.6%
Operating Profit Margin	**16.6%**	20.7%
Net Profit Margin	**13.8%**	17.3%

	HK$	**% of EPS**	HK$	% of EPS
Dividend Per Share				
- Regular Interim Paid	**0.80**	**21%**	0.95	18%
- Proposed Regular Final	**0.72**	**19%**	1.15	22%
	1.52	**40%**	2.10	40%
- Proposed Special	**1.33**	**35%**	2.10	40%
Total	**2.85**	**75%**	4.20	80%

REVENUE ANALYSIS

Turnover of the Group was HK$34.5 billion (FY2007/2008: HK$37.2 billion), which was relatively stable in local currency terms with a -0.2 % change year-on-year. The 7.4% drop in reporting currency reflects approximately 6.7% year-on-year, or approximately 13% year-on-year for the second half of the financial year, due to depreciation of the average EUR:USD exchange rate.

The Group's turnover was mainly contributed by 3.5% comparable store sales growth, increase in total selling spaces and rising contribution from members of Esprit's customer loyalty programme ("e-club members"), offset by reduced wholesale turnover as wholesale customers, facing a difficult operating environment, continue to rationalise order sizes.

Turnover by Products

	For the year ended 30 June				Change in %	
	2009		2008			
PRODUCT DIVISIONS	**HK$ million**	**% to Group Turnover**	HK$ million	% to Group Turnover	HK$	Local currency
Casual	**15,948**	**46.2%**	17,176	46.1%	-7.2%	-1.4%
Women's Casual	**11,651**	**33.8%**	12,691	34.1%	-8.2%	-2.4%
Men's Casual	**4,297**	**12.4%**	4,485	12.0%	-4.2%	1.5%
edc	**8,352**	**24.2%**	9,027	24.2%	-7.5%	-1.4%
edc Women	**6,046**	**17.5%**	6,831	18.3%	-11.5%	-5.8%
edc Men	**1,290**	**3.7%**	1,213	3.3%	6.4%	13.5%
edc Others^	**1,016**	**3.0%**	983	2.6%	3.4%	10.9%
Collection	**3,027**	**8.8%**	3,127	8.4%	-3.2%	2.9%
Women's Collection	**2,268**	**6.6%**	2,321	6.2%	-2.3%	3.8%
Men's Collection	**759**	**2.2%**	806	2.2%	-5.8%	0.1%
Others	**7,158**	**20.8%**	7,897	21.3%	-9.4%	-3.5%
Accessories	**1,673**	**4.9%**	1,739	4.7%	-3.8%	2.2%
Kids	**1,169**	**3.4%**	1,365	3.7%	-14.3%	-8.8%
Shoes	**1,322**	**3.8%**	1,626	4.4%	-18.7%	-12.8%
Bodywear	**950**	**2.8%**	997	2.7%	-4.8%	2.0%
Sports	**836**	**2.4%**	1,000	2.7%	-16.3%	-11.0%
De. Corp	**311**	**0.9%**	69	0.2%	351.3%	385.1%
Red Earth	**25**	**0.1%**	49	0.1%	-48.8%	-47.8%
Others*	**872**	**2.5%**	1,052	2.8%	-17.2%	-12.7%
TOTAL	**34,485**	**100.0%**	37,227	100.0%	**-7.4%**	**-0.2%**

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

* Others include salon, licensing income & licensed products like timewear, eyewear, jewelry, bed & bath, houseware, etc

Turnover by Countries

COUNTRIES[#]	2009 HK$ million	2009 % to Group Turnover	2008 HK$ million	2008 % to Group Turnover	Change in % HK$	Change in % Local currency
	For the year ended 30 June					
EUROPE	**29,419**	**85.3%**	32,296	86.7%	-8.9%	-1.9%
Germany* ##	**15,502**	**45.0%**	17,387	46.7%	-10.8%	-4.0%
Benelux*	**5,301**	**15.4%**	5,787	15.5%	-8.4%	-1.8%
France*	**3,148**	**9.1%**	3,269	8.8%	-3.7%	3.0%
Scandinavia	**1,605**	**4.7%**	1,758	4.7%	-8.7%	1.7%
Austria	**1,506**	**4.4%**	1,646	4.4%	-8.5%	-1.7%
Switzerland	**1,254**	**3.6%**	1,156	3.1%	8.5%	11.0%
UK and Ireland	**464**	**1.3%**	567	1.5%	-18.2%	-0.3%
Italy	**361**	**1.0%**	438	1.2%	-17.5%	-11.4%
Spain and Portugal	**278**	**0.8%**	288	0.8%	-3.4%	2.7%
ASIA PACIFIC	**4,221**	**12.2%**	4,073	10.9%	3.6%	12.0%
Macau ###	**1,724**	**5.0%**	1,463	3.9%	17.8%	26.7%
Australia and New Zealand*	**821**	**2.4%**	870	2.3%	-5.6%	15.1%
Hong Kong **	**781**	**2.2%**	836	2.2%	-6.6%	-6.6%
Singapore	**399**	**1.1%**	393	1.1%	1.5%	4.2%
Taiwan	**266**	**0.8%**	290	0.8%	-8.4%	-5.3%
Malaysia	**210**	**0.6%**	201	0.5%	4.7%	11.2%
Others^	**20**	**0.1%**	20	0.1%	2.5%	2.8%
NORTH AMERICA AND OTHERS	**845**	**2.5%**	858	2.4%	-1.4%	7.6%
Canada	**488**	**1.5%**	520	1.4%	-6.0%	8.4%
United States*	**346**	**1.0%**	326	1.0%	6.2%	7.0%
Others^^	**11**	**0.0%**	12	0.0%	-9.3%	-9.0%
TOTAL	**34,485**	**100.0%**	37,227	100.0%	**-7.4%**	**-0.2%**

Country as a whole includes retail stores, outlet stores, edc standalone stores and e-shop
Germany sales includes wholesale sales to other European countries mainly Russia, Poland, Greece, and Croatia
Macau sales includes wholesale sales to other countries mainly China, Middle East, Thailand, and India
* Includes licensing
** Includes licensing and salon
^ Represents licensing income from licensees in Japan
^^ Represents licensing income from licensees in Chile and Columbia

Retail contributed HK$16,351 million and wholesale contributed HK$17,906 million to the Group's total turnover, representing 47.4% and 51.9%, respectively, of total Group turnover. Licensing and others contribution to turnover to the Group was HK$228 million, representing 0.7% of total Group turnover.

Turnover by Key Distribution Channels

KEY DISTRIBUTION CHANNELS	2009 HK$ million	2009 % to Group Turnover	2008 HK$ million	2008 % to Group Turnover	Change in % HK$	Change in % Local currency
RETAIL#	**16,351**	**47.4%**	16,055	43.1%	1.8%	10.0%
Europe	**13,304**	**38.6%**	12,926	34.7%	2.9%	11.0%
Asia Pacific	**2,381**	**6.9%**	2,473	6.6%	-3.7%	4.2%
North America	**666**	**1.9%**	656	1.8%	1.6%	10.3%
WHOLESALE	**17,906**	**51.9%**	20,943	56.3%	-14.5%	-8.0%
Europe	**16,030**	**46.5%**	19,299	51.8%	-16.9%	-10.7%
Asia Pacific	**1,721**	**5.0%**	1,470	4.0%	17.1%	27.1%
North America and Others	**155**	**0.4%**	174	0.5%	-11.0%	-0.3%
LICENSING AND OTHERS	**228**	**0.7%**	229	0.6%	-0.7%	1.1%
TOTAL	**34,485**	**100.0%**	37,227	100.0%	**-7.4%**	**-0.2%**

For the year ended 30 June

Retail sales includes sales from e-shop in countries where available

Retail

The retail operations delivered 10.0% year-on-year local currency turnover growth as majority of the retail markets recorded year-on-year local currency turnover growth. During the financial year, we achieved a Group comparable store sales growth of 3.5% year-on-year on the back of the declining global economic trend.

The second half of the financial year became more challenging as we saw rising unemployment rates, continued restrictive lending to consumers and the outbreak of swine flu which all contributed to dampened consumer confidence further and the Group's retail turnover local currency growth softened.

	2009	2008
Year-on-year local currency turnover growth	**10.0%**	13.1%
Segment EBIT Margin *	**10.8%**	13.3%
No. of POS **	**801**	697
Sales area (m^2)	**313,534**	271,740
Net change in sales area ^	**15.4%**	14.3%
Comparable store sales growth	**3.5%**	6.9%

* segment EBIT margin excluding inter-segment licensing expense
** calculation excludes salon
^ net change from 30 June 2008 and 30 June 2007

In the financial year, the Group continued to make progress in growing the retail network by adding 104 directly managed retail stores to a total of 801, representing selling space of over 313,000 m^2 as of 30 June 2009.

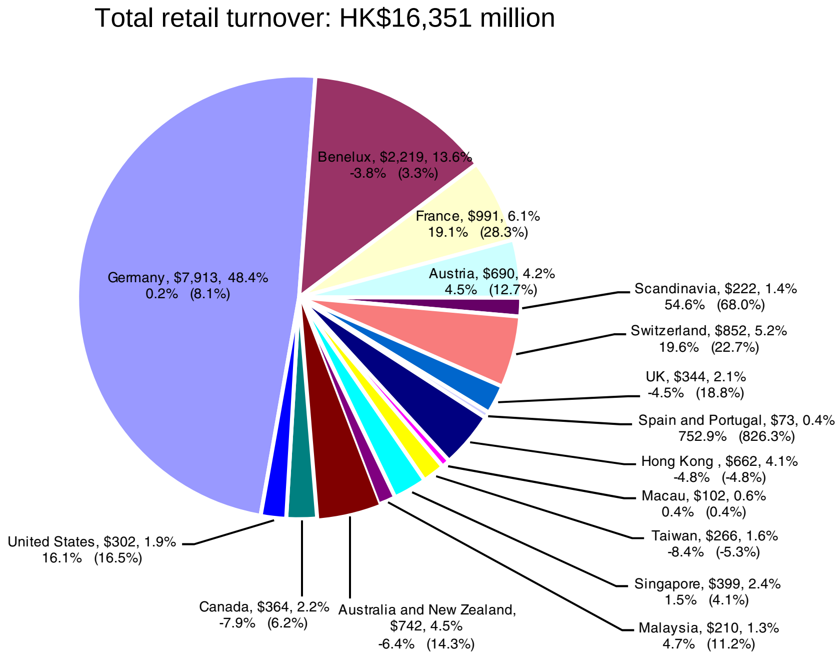
Directly managed retail stores by countries

	For the year ended 30 June 2009					
	No. of stores	Net opened stores*	Sales area m^2	Change in sales area*	No. of comparable stores	Comparable store sales growth
Europe	**385**	**71**	**221,273**	**19.5%**	**214**	**4.5%**
Germany **	164	24	114,235	13.9%	103	4.7%
Benelux	78	5	34,688	3.6%	48	1.8%
France	48	8	20,505	21.8%	28	1.8%
Switzerland	34	7	14,176	35.5%	20	21.0%
UK	29	18	10,843	54.4%	8	-16.3%
Austria	12	1	12,991	26.3%	5	9.9%
Scandinavia	10	3	7,323	49.0%	2	0.4%
Spain	8	3	4,845	150.4%	-	n.a.
Portugal	2	2	1,667	n.a.	-	n.a.
Asia Pacific	**338**	**27**	**64,063**	**11.3%**	**157**	**-1.7%**
Australia	156	20	21,621	11.7%	59	9.5%
Taiwan	89	7	7,992	9.2%	45	-6.7%
Malaysia	30	(1)	8,551	-0.2%	18	-4.2%
Hong Kong	25	(1)	12,623	13.9%	13	-10.1%
Singapore	23	-	8,594	20.5%	14	-0.8%
New Zealand	11	2	2,817	28.0%	5	1.5%
Macau	4	-	1,865	-	3	-3.4%
North America	**78**	**6**	**28,198**	**-2.7%**	**47**	**-0.8%**
Canada	49	1	16,823	1.1%	31	0.0%
US **	29	5	11,375	-7.9%	16	-1.6%
TOTAL	**801**	**104**	**313,534**	**15.4%**	**418**	**3.5%**

* Net change from 30 June 2008
** All e-shops within Europe are shown as 1 comparable store in Germany and the e-shop in U.S. is shown as 1 comparable store in U.S.

In such challenging times, customer loyalty plays an important role in providing solid support to drive turnover growth. Increasing turnover contribution from members of Esprit's customer loyalty programme ("e-club members") to the Group's retail turnover was a solid proof of customer loyalty. During the financial year, turnover from e-club members accounted for more than 65% of the Group's retail turnover (FY2007/2008: 64.5%). At 30 June 2009, there were approximately more than 5.6 million e-club members (30 June 2008: 5.2 million).

Retail Turnover by countries



Country, HK$ million, % of retail turnover
% HK$ growth (% local currency growth)

Europe

European retail business performed well and recorded turnover of HK$13,304 million, representing a 11.0% local currency growth and 4.5% comparable store sales growth. **Germany**, with a retail turnover of HK$7,913 million, benefited from 4.7% comparable store sales growth, a 13.9% increase in retail selling space and most importantly, strong support from the largest e-club membership base, with over 2.3 million members. **France**, with a retail turnover of HK$991 million, benefited from 1.8% comparable store sales growth and increased turnover contribution from new stores and full-year stores, such as the flagship store in Champ Elysee in Paris.

Asia Pacific

Retail turnover in Asia Pacific grew in local currency terms to turnover of HK$2,381 million despite a comparable store sales growth of -1.7%. **Australia and New Zealand**, with retail turnover of HK$742 million, delivered strong retail turnover growth due to an impressive 9.5% and 1.5% growth in comparable store sales in Australia and New Zealand respectively, as well as additional sales contribution from the newly added concession counters in Myers, a leading department store chain in Australia. **Hong Kong and Taiwan** together generated retail turnover of HK$928 million, remained largely challenging as there was an outbreak of swine flu in addition to the decline in tourism and customer spending.

North America

The North America retail turnover, which amounted to HK$666 million, continued to record year-on-year growth of 10.3% in local currency despite having a 2.7% decline in retail selling space. **U.S. and Canadian** retail turnover was HK$302 million and HK$364 million respectively. U.S. and Canadian retail turnover growth of 16.5% and 6.2% in local currency respectively was mainly driven by non comparable stores. Comparable store sales in Canada was flat and U.S. was down 1.6%. As at 30 June 2009, we had a total of 78 directly managed retail stores in North America.

Wholesale

Wholesale turnover of HK$17,906 million reflects a year-on-year local currency turnover decline of 8.0%, as wholesale customers rationalised orders due to the uncertain timing of market recovery, reduction in credit insurance (credit limit given by Esprit to wholesale customers are limited to the amount of credit insurance the customer is able to obtain), and bankruptcy of several major department stores during the financial year.

	2009	2008
Year-on-year local currency turnover growth	**-8.0%**	12.2%
Segment EBIT Margin *	**22.1%**	26.5%
No. of controlled space POS	**14,067**	14,590
Controlled space area (m^2)	**808,605**	746,655
Net change in controlled space area ^	**8.3%**	18.5%

* segment EBIT margin excluding inter-segment licensing expense
^ net change from 30 June 2008 and 30 June 2007

As at 30 June 2009, total controlled wholesale space increased by 8.3% to 808,605 m^2 (FY2007/2008: 746,655 m^2) driven by the 15.5% and 11.2% increase in sales area of franchised stores and shop-in-stores respectively, while the sales area of identity corners dropped by 4.3%, partly due to closure of the Red Earth operations.

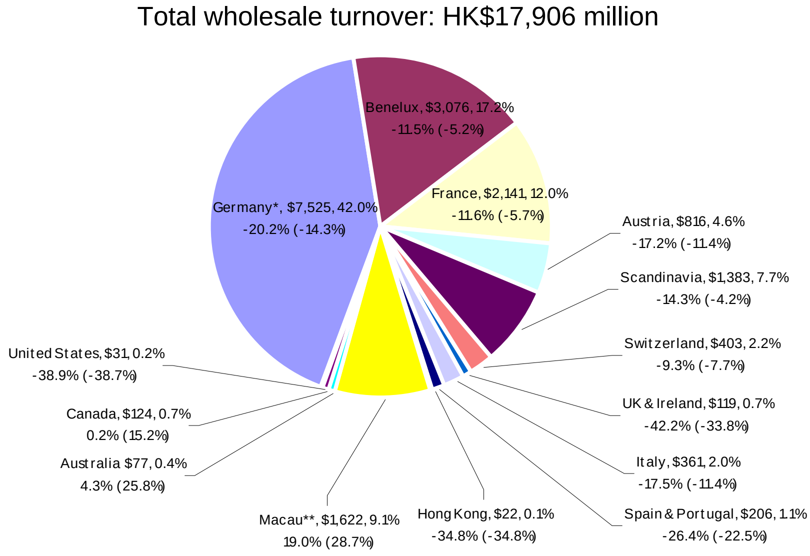
Wholesale Distribution Channel by Countries

As at 30 June 2009	WHOLESALE (controlled space only)											
	Franchise stores**				Shop-in-stores**				Identity Corners**			
COUNTRIES	No. of stores	Sales area m^2	Net opened stores*	Net change in sales area*	No. of stores	Sales area m^2	Net opened stores*	Net change in sales area*	No. of stores	Sales area m^2	Net opened stores*	Net change in sales area*
EUROPE	**1,231**	**292,056**	**117**	**16.4%**	**5,172**	**209,486**	**557**	**11.2%**	**5,900**	**130,320**	**(789)**	**-12.4%**
Germany	414	115,475	34	15.1%	4,054	170,025	443	10.3%	3,212	65,689	(496)	-20.4%
Benelux	176	50,554	10	17.7%	195	8,091	69	49.2%	846	19,527	(71)	-10.8%
France	274	42,991	31	25.7%	369	10,472	(15)	-2.9%	488	12,652	36	6.8%
Scandinavia	122	35,846	27	26.5%	107	4,719	(6)	3.4%	753	17,670	(105)	21.0%
Austria	109	20,790	-	1.5%	128	4,866	14	16.2%	223	5,591	31	19.8%
Italy	61	10,335	11	26.6%	25	1,317	7	20.4%	163	4,116	(177)	-53.1%
Switzerland	47	9,208	(2)	-21.5%	53	3,162	18	74.3%	106	2,612	14	15.2%
Spain and Portugal	15	4,035	5	72.8%	198	4,998	27	20.1%	8	145	(41)	-68.2%
UK and Ireland	13	2,822	1	16.0%	43	1,836	-	-19.2%	101	2,318	20	33.1%
ASIA PACIFIC	**318**	**77,098**	**18**	**12.4%**	**231**	**10,490**	**35**	**10.4%**	**1,207**	**88,718**	**(35)**	**10.8%**
China***	125	39,711	17	12.3%	7	128	-	-8.6%	980	87,876	119	11.3%
The Middle East	56	14,039	(7)	6.1%	3	581	(1)	-40.8%	-	-	-	-
India	21	6,584	5	56.2%	24	1,606	3	-2.8%	-	-	-	-
Thailand	32	4,306	1	0.7%	79	3,133	4	8.5%	19	267	(2)	12.7%
Philippines	16	2,290	(1)	0.5%	-	-	-	-	-	-	(5)	-100.0%
Australia and New Zealand	-	-	-	-	55	1,955	25	68.2%	208	575	10	-
Korea	-	-	-	-	-	-	-	-	-	-	(26)	-100.0%
Japan	-	-	-	-	-	-	-	-	-	-	(4)	-100.0%
Others	68	10,168	3	10.3%	63	3,087	4	15.3%	-	-	(127)	-100.0%
NORTH AMERICA AND OTHERS	**2**	**300**	**1**	**-22.1%**	**6**	**137**	**6**	**n.a.**	**-**	**-**	**(433)**	**n.a.**
Mexico	2	300	1	-22.1%	6	137	6	n.a.	-	-	-	-
Canada	-	-	-	-	-	-	-	-	-	-	(263)	n.a.
United States	-	-	-	-	-	-	-	-	-	-	(170)	n.a.
TOTAL	**1,551**	**369,454**	**136**	**15.5%**	**5,409**	**220,113**	**598**	**11.2%**	**7,107**	**219,038**	**(1,257)**	**-4.3%**

* Net change from 30 June 2008
** Include Esprit and Red Earth stores/units
*** Managed by China associated companies or its franchise partners
n.a. means not applicable

The Group has been expanding the franchise business for the past few years, thus the franchise store number and franchise store selling space now account for an increased portion to the Group's total controlled wholesale point-of-sales and total controlled wholesale space over the years. However, the positive contribution from additional franchise stores were partially offset by the reduction in orders from department stores and multi-label customers, which were most affected by the financial crisis.

Wholesale Turnover by Countries



Country, HK$ million, % of wholesale turnover
% HK$ growth (% local currency growth)
* Germany wholesale sales includes sales to other European countries mainly Russia, Poland, Greece, and Croatia
** Macau wholesale sales includes sales to other countries mainly China, Middle East, Thailand, and India

Europe

Europe's wholesale local currency turnover was down 10.7% year-on-year to HK$16,030 million, reflecting the loss of several major department store and multi-label customers.

Consistent with the Group's strategy to accelerate growth of franchise stores, Europe's franchise stores increased to 1,231 (30 June 2008: 1,114) and its total controlled space of franchised stores grew 16.4% year-on-year. **France** and **Scandinavia** recorded 25.7% and 26.5% growth in controlled space of franchise stores.

Asia Pacific

Asia Pacific's wholesale turnover posted 27.1% year-on-year jump in local currency growth to HK$1,721 million, mainly driven by the strong wholesale turnover growth posted in China and Australia. Resilient domestic demand in **China** contributed to wholesale turnover of HK$1,210 million.

Growth in **Australia**, which recorded wholesale turnover of HK$77 million, was driven by 68.2% year-on-year increase in controlled wholesale space of Esprit or 25 controlled space wholesale point-of-sales of Esprit. Newly added controlled wholesale spaces were shop-in-stores located in Myers and David Jones, benefiting from strong traffic flow of these leading department store chains in Australia.

North America

Wholesale local currency turnover growth in North America remained flat, recording wholesale turnover of HK$155 million. The 15.2% jump in local currency turnover growth recorded in the **Canadian** wholesale business, which amounted to wholesale turnover of HK$124 million, was offset by the -38.7% local currency turnover growth recorded in the **U.S.** The wholesale division in the U.S. was streamlined in the second half of the financial year to manage profitability and as a result generated wholesale turnover of HK$31 million for the financial year.

Licensing and Others

The turnover from licensing and others achieved 1.1% year-on-year growth in local currency to HK$228 million, accounting for 1% of the Group's total turnover (FY2007/2008: 1%). Being a lifestyle brand, the Group continued to work closely with our licensed partners to develop new non-apparel licensed products.

In January 2009, Esprit Cosmetics was launched as a new licensed product line. In this first ever Esprit make-up line, Coty, our long-time license partner and global leader in beauty products, successfully developed products which embody the brand's ethos of smart, affordable luxury whilst capturing Esprit's positive, youthful attitude to life. It is a hypoallergenic cosmetics range suitable for even the most sensitive skins in the European mass market.

During the financial year, the Esprit Home World was expanded in greater depth and enhanced the quality of products such as carpets made of 100% New Zealand wool and introduction of the complete Esprit home bath concept.

Within the Babies' and Kids' World, the focus of product expansion was on extending the range with baby furniture and kids wallpaper. Now the nursery can be completely furnished with Esprit baby products.

PROFITABILITY ANALYSIS

The Group's **gross profit** was HK$17,962 million (FY2007/2008: HK$19,970 million), representing a gross profit margin of 52.1% (FY2007/2008: 53.6%).

Operating profit of the Group was HK$5,729 million (FY2007/2008: HK$7,721 million), representing a Group operating profit margin of 16.6% (FY2007/2008: 20.7%). The change in the Group's operating profit was mainly due to lower gross profit while the Group's total operating expenses remained relatively flat year-on-year at -0.1%, despite increased retail occupancy costs in relation to new store openings, higher provision for impairment of trade debtors and obsolete inventories and a series of cost cutting initiatives launched during the year.

The retail EBIT margin of 10.8% (FY2007/2008: 13.3%) reflects lowered productivity and profitability of selling space in line with dampened customer demand. Comparable stores in Europe demonstrated resilience during this period, while non-comparable stores in Europe became challenging and reported lower productivity and profitability. While we expect the retail EBIT margin to continue to reflect market trends, we believe the profitability of new stores and full-year stores to gradually normalise when the market recovers.

Wholesale EBIT margin was 22.1% (FY2007/2008: 26.5%) as efforts in cost-cutting were offset by lower turnover and higher provision for impairment of trade debtors. The wholesale segment was unable to reap the benefits of an already lean and mean cost structure as turnover slowed down more than anticipated, resulting in reduced margins. This effect is expected to reverse once the market recovers.

As part of our prudent financial management practice, the Group exercises tight credit control to manage our credit exposure. In response to the deterioration of the financial health of some of our wholesale customers, we reduced credit limits of problem debtors when appropriate.

Profit contribution from our China associated companies increased to HK$161 million (FY2007/2008: HK$145 million) benefiting from the relatively resilient consumer demand in mainland China. During the financial year, turnover growth of our China associated companies grew 16.8% year-on-year.

Results of China associated companies	**2009 HK$ million**	2008 HK$ million	% change
Turnover	**2,678**	2,292	16.8%
Net profit	**329**	296	11.3%
Share of results	**161**	145	11.3%
Dividend received from China associated companies	**220**	-	n.a.

Effective tax rate of the Group increased to 20.6% (FY2007/2008: 19.9%). **Net profit** of the Group was HK$4,745 million (FY2007/2008: HK$6,450 million), representing a Group net profit margin of 13.8% (FY2007/2008: 17.3%).

BALANCE SHEET REVIEW

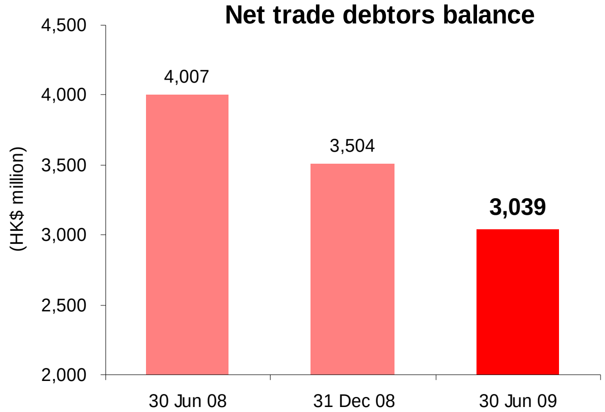
Liquidity and financial resources

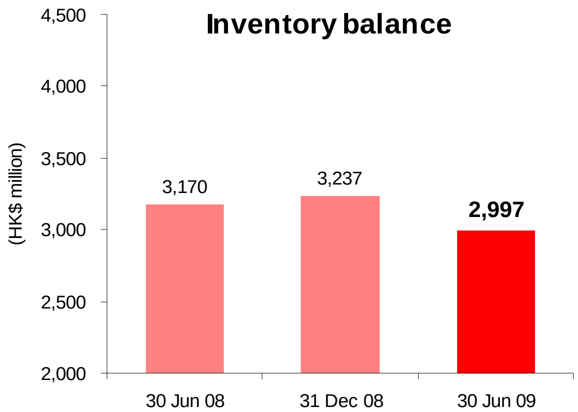
As at 30 June 2009, the Group had a **net cash balance** of HK$4,840 million (30 June 2008: HK$6,521 million) and generated HK$5,272 million (FY2007/2008: HK$5,970 million) from operating activities. The decrease in net cash balance was partially due to higher capital expenditure, record dividend of HK$5,039 million (FY2007/2008: HK$4,256 million) paid and shares of HK$204 million (FY2007/2008: nil) repurchased during the financial year and the 10.8% year-on-year depreciation of EUR:USD closing rate applied.

During the financial year, the Group invested HK$2,011 million (FY2007/2008: HK$1,352 million) in **capital expenditure**. HK$865 million was invested in opening new stores and expanding existing stores and HK$455 million was invested in refurbishing existing stores. In addition, the Group invested HK$524 million in IT projects.

	For the year ended 30 June	
	2009	2008
	HK$ million	HK$ million
Purchase of property, plant and equipment	**(2,011)**	(1,352)
- New stores and expansion	**(865)**	(758)
- Existing stores	**(455)**	(373)
- IT projects	**(524)**	(63)
- Office & others	**(167)**	(158)

As at 30 June 2009, **net trade debtors balance** was HK$3,039 million (30 June 2008: HK$4,007 million), representing a 24.2% and 13.3% decline, as compared to 30 June 2008 and 31 December 2008 respectively, as a result of our risk control measures. As the wholesale market conditions remained difficult and the financial health of some of our wholesale customers deteriorated, the portion of overdue over 90 days net trade debtor balance increased to 5.6% (30 June 2008: 4.0%). To further mitigate the risks of negative impact brought by possible continued weakness of the financial health of our wholesale customers, the Group had reduced the credit exposure of some of our wholesale customers. The amount of uninsured and/or unsecured net trade debtors accounted for about 54.8% of the net trade debtors (30 June 2008: 33.7%). Since 31 December 2008, the Group has made rigorous efforts to secure subsequent settlements of overdue debts and has made good improvements with such efforts.





Inventory was HK$2,997 million, representing a decline of 5.5% and 7.4% when compared to 30 June 2008 and 31 December 2008 respectively. The proportion of finished goods aged over six seasons to total finished goods increased to 9.4% (30 June 2008: 5.6%).

BALANCE SHEET RATIOS

The Group had no long-term bank borrowings and did not pledge any assets as security for overdraft or any short-term revolving facility. The debt-to-equity ratio (interest bearing external borrowings divided by total equity) was 0% (30 June 2008: 0%). In view of these healthy ratios and a net cash balance, the Group considered its financial strength remains strong.

	For the year ended 30 June	
	2009	2008
Profitability		
Return on total assets (ROA) [1]	**22.8%**	33.1%
Return on equity (ROE) [2]	**31.3%**	46.0%
Liquidity		
Current ratio (times)	**2.5**	2.7
Quick ratio[3] (times)	**1.6**	1.9
Net cash to debt ratio[4]	**net cash**	net cash
Efficiency		
Inventory turnover[5] (days)	**65**	54
Working capital to sales[6]	**24.4%**	22.1%
Net profit to working capital[7]	**56.3%**	78.5%

[1] Calculated based on net earnings as a percentage of average total assets
[2] Calculated based on net earnings as a percentage of average total equity
[3] Calculated by dividing the sum of net trade debtors and cash and cash equivalents by current liabilities
[4] Calculated by dividing net cash balance by interest bearing external borrowings
[5] Calculated by dividing average inventory (excluding consumables) by cost of goods sold for the year
[6] Calculated based on average working capital balances as a percentage of Group's turnover
[7] Calculated based on net earnings as a percentage of average working capital balances

EARNINGS PER SHARE

Based on the 1,244,251,082 (FY2007/2008: 1,238,418,256) weighted average number of ordinary shares in issue during the financial year, the basic earnings per share was HK$3.81 (FY2007/2008: HK$5.21).

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 10,700 staff worldwide (30 June 2008: over 10,000) as at 30 June 2009. 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$0.72 per share (FY2007/2008: HK$1.15) and a special dividend of HK$1.33 per share (FY2007/2008: HK$2.10) for the year ended 30 June 2009.

In order to maintain a strong balance sheet for future growth, the Board has recommended to provide the shareholders with an option to receive the final dividend in form of new fully paid shares in lieu of cash. The Board has also recommended that the special dividend be satisfied wholly in form of new fully paid shares without offering any rights to the shareholders to elect to receive such dividend in cash.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend and the special dividends will be payable to the shareholders whose names appear on the Registers of Members of the Company at close of business on Thursday, 10 December 2009. Dividend warrants and share certificates for new shares to be issued under the scrip dividend reinvestment scheme will be despatched by ordinary mail on or around Friday, 15 January 2010.

The dividend reinvestment price shall be determined by the average closing price of the shares of the Company for the five trading days preceding Monday, 30 November 2009. The election form will be despatched on or around Tuesday, 15 December 2009 and the election period for scrip dividend will from on or around Tuesday, 15 December 2009 to Monday, 4 January 2010, both days inclusive.

The scrip dividend reinvestment scheme is conditional upon the passing of the relevant resolution at the annual general meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued under the scrip dividend reinvestment scheme.

Further details of the scrip dividend reinvestment scheme will be set out in a circular to the shareholders to be despatched before the annual general meeting.

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 75% (FY2007/2008: 80%) of the earnings per share of the Group for the year ended 30 June 2009. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

STRATEGIC REVIEW AND PROSPECTS

Looking forward to FY2009/2010, the Group will focus on the ongoing global expansion, leveraging the robust business model, product innovation, brand rejuvenation and achieving operational excellence to maximise the upside potential when the market recovers.

We will continue the **global expansion** as we build the brand's relevance and visibility, thereby increasing customer awareness of our brand through opening stores in prominent shopping locations in these markets. Core market growth will be intensified by opening more stores in major shopping areas to increase market share. France, where we only have less than 1% market share even though it is one of our core markets, is among the markets chosen to open more stores and grow brand presence. In addition, resources will be diverted to underperforming markets, including Australia, Canada, United Kingdom and select cities on the west and east coasts in the United States by opening stores in major shopping districts to build up brand relevance so that the market will become profitable faster. In FY2009/2010, the Group currently targets to open 60 to 80 stores and plans to utilise approximately HK$800 million for retail expansion. 130 to 140 franchise stores are currently approved to open during the next fiscal year.

Our **robust business model** has shown its strength in enabling us to capture opportunities that arose during the recent macro economic slowdown. We see continued weakness in the wholesale orderbook in the first half of FY2009/2010. We will continue to build the multi-distribution network to expand the operational platform for future growth. In addition to the expected addition of retail and franchise stores under the ongoing global expansion, we believe concession counters, where department stores rent spaces out to brands to operate their own businesses, will generate higher cash profits than the traditional department store format under wholesale. We are already gaining experience in operating this type of retail model in Asia and we will work with department store customers in Europe to convert existing wholesale shop-in-stores into concession counters.

Several years ago, it became evident that customers increasingly prefer shopping at stand-alone stores as opposed to multi-label retail stores. So we have started to convert our multi-label retailers to **franchise stores**, carrying only Esprit products. This strategy was proven effective as the performance of franchise stores offsets the struggling performance of multi-label retail shops as demand dampens. Looking ahead, we will continue this strategy and work with strong franchise partners to accelerate further franchise expansion.

We recognize the importance of being a consumer-driven company as we must possess a **retail-minded vision** to deliver quality products that are focused on satisfying customer needs. Product initiatives currently underway include reduction of the number of styles offered in each collection to redirect the focus of the teams to deliver only best selling products. In addition, a comprehensive review of product divisions revealed that the 12 product divisions have blended somewhat and became less differentiated. We will work on delineating the divisions so that they are targeted at each distinct customer group to maximise the market potential.

To **protect our most valuable asset, brand positioning**, we will implement an authorized dealership programme, where our wholesale customers will be contractually required to adhere to Esprit's standards such as minimum selling space, order size, timing of markdowns and placement of products.

With over 5 km of Esprit store windows worldwide, our stores are a key communication channel with our customers. In Autumn 2009, a first-of-its-kind retro-fitted flagship store will be opened in Hong Kong, featuring newest store architecture that is expected to create a buzz in the shopping scene. In addition, store fronts in the Asia Pacific region will be getting a makeover by experts targeted to build brand relevance amongst shoppers.

Esprit had in the past adopted subtle ways to promote the brand, mainly through quality products and our stores. However, going forward to compliment all other efforts to uplift Esprit, we will be more receptive to higher profile brand communication strategy.

Achieving operational excellence remains our goal to strengthen the foundation. To accommodate Esprit's anticipated growth, a **worldwide IT system upgrade** has been launched to unify workflows, encourage knowledge sharing, minimize human error and enlarge the organizational platform to support long term growth. The project is expected to take several years to complete, and the targeted capital expenditure for FY2009/2010 is approximately HK$650 million. We also planned to partner with a logistical service provider and open a new distribution centre in Europe to enhance our efficient and customer-oriented supply chain. Subsequent to the year end, to allow management more time to focus on enhancing the Esprit brand, the Company divested the non-core loss making Red Earth brand related operations. Additionally, all departments have engaged in various cost cutting initiatives in the past year to keep the organizational lean and mean, examples include switching from air to sea freight via better planning, reducing sourcing costs by consolidating the supplier base, freezing headcount and tightening discretionary spending.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Monday, 30 November 2009 to Thursday, 10 December 2009, 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 Friday, 27 November 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has purchased a total of 2,615,500 shares on the Stock Exchange during the year ended 30 June 2009 and the aggregate consideration paid was HK$203,345,307.50.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the year.

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 30 June 2009.

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 30 June 2009, 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. Currently, the roles of chairman and chief executive officer are performed by Mr. Heinz Jürgen Krogner-Kornalik as unanimously elected by the Board on 5 December 2006. However, subject to the appointment of Mr. Ronald van der Vis as the new Group CEO on or before 1 November 2009, Mr. Heinz Jürgen Krogner-Kornalik will step down from his position as Group CEO and remain in his role as Executive Chairman. Consequently, in accordance with A.2.1 of the Code, the role of the chairman and chief executive officer will be separated and will not be performed by the same individual.

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 30 June 2009.

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended 30 June 2009 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

The final results announcement is published on the websites of the Stock Exchange (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 the Stock Exchange (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. Ronald VAN DER VIS Mr. CHEW Fook Aun
Non-executive Director:	Mr. Jürgen Alfred Rudolf FRIEDRICH
Independent Non-executive Directors:	Mr. Paul CHENG Ming Fun *(Deputy Chairman)* Mr. Alexander Reid HAMILTON Mr. Raymond OR Ching Fai Dr. Hans-Joachim KÖRBER Mr. Francesco TRAPANI

By Order of the Board
Bella CHHOA Peck Lim
Company Secretary

Hong Kong, 26 August 2009