

ESPRIT OPENS THE FIRST MEGASTORE IN LONDON

Hong Kong, 17 May 2001 – Esprit Holdings Limited (SEHK: 330; LSE: EPT_LI) today announced the opening of megastore in Regent Street, London. This move is the first step of Esprit reentering the UK market.

The first megastore in UK covers a floor area of some 2,100 square metres. The customers are able to browse through Esprit various product lines and licensed goods under one roof. The megastore also acts as a meeting place where the company can extend the concept of quality to complement customer services.

The second megastore in UK is planned to be open in September. It is located at Bluewater Mall in Kent covering 1,400 square metres. In addition, Esprit will expand the retail business in Europe with 18 stores including new operations in Austria. Two specialty shops for shoes and accessories are also planned.

"These actions highlight our efforts in aggressively expanding business globally. The megastore concept has achieved impressive results in various parts of the world and showcases Esprit's quality, style and taste," said Michael Ying, Chairman and Chief Executive Officer of Esprit Holdings Limited.

Heinz Krogner, Executive Director and CEO of Esprit's European operations said, "We are committed to the European market which is the major impetus for our growth. We have identified at least 40 cities with a population of more than 400,000 in the European markets that have the potential to accommodate our megastore retailing concept. The opening of megastore in Regent Street is just the beginning."

"Our retail store expansion complements well with our continuous growth in wholesale/franchise business in Europe. Esprit group's capital expenditure for this financial year will exceed HK\$500 million which is fully funded from our strong operating cash flow," said John Poon, Executive Director and Group Chief Financial Officer of Esprit Holdings Limited.

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. It operates more than 500 directly managed retail outlets and has over 8,000 wholesale customers, and its products are sold in more than 40 countries worldwide. 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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