

ESPRIT REPORTS RECORD PROFITS INTERIM PROFITS GROW BY 30 PER CENT

- Impressive operating and net profits surged 30%
- EBITDA margin improved by about 2 percentage points to 16.4%
- Group turnover up 10% despite tough apparel market conditions and lower currency translation rates
- Profitable in all country operations worldwide
- European sales recorded stellar growth of 33% in euro terms
- Asia Pacific revenue registered an overall 6% increase (net of currency impact)
- Over 50% growth in sales for shoes and bodywear with steady growth for core product lines
- Cash on hand close to HK\$800 million as at December 31, 2000 after aggressive capital expenditure
- Interim Dividend increased by 26% to HK\$4.80 cents

Hong Kong, February 28, 2001 - Esprit Holdings Limited (“Esprit” or the “Group”) (**SEHK:330; LSE: EPT_LI**) today reported impressive interim results for the six months ended December 31, 2000. The Group recorded an operating profit after finance costs of HK\$559 million, representing a hefty increase of 30% compared to the same period last year. Net profit soared to HK\$273 million, while turnover increased to HK\$3,994 million, representing increases of 30% and 10% respectively over the same period last year.

Earnings per share rose 28% to 24.4 HK cents per share over the same period last year. The Group also announced an interim dividend of 4.8 HK cent per share in cash with scrip alternative, representing an increase of 26% over the same period last year.

At a press conference in Hong Kong today, Michael Ying, Esprit’s Chairman and Chief Executive Officer, said, “Esprit’s well-defined diversification strategies in particular, market, products and

business, proved to be very effective in further improving the Group's performance. In the first half, all our country operations worldwide contributed to Group operating profits. All lines of business, including wholesale, retail and licensing, recorded increases in revenue despite the tough apparel and retail market environment."

Heinz J. Krogner-Kornalik, Executive Director and CEO of Esprit's European operations, said, "Once again, Europe achieved phenomenal growth in the first half, with a 33% increase in sales in euro terms. Germany, the Group's biggest market in Europe, similarly reported a growth rate of 32%. One of the most encouraging developments was the impressive sales growth achieved by some of our smaller European markets such as France and Austria which recorded increases of 52% and 42% respectively compared to June 30, 2000."

Hong Kong, Esprit's largest market in the Asia Pacific region, sustained its growth momentum with an increase of 15% over the same period last year, mainly through the strategy of operating bigger stores in even better locations. Esprit's Asia Pacific business as a whole recorded a modest growth of 6% net of currency impact amidst such setbacks as the weak economy in Taiwan and Australia.

Sales growth in many products was significant. Women's wear (including EDC), the Group's traditional strength accounting for 54% of its turnover, grew by 11%, while other smaller lines such as shoes and bodywear grew by 57% and 56% respectively over the same period last year.

Complementing well-defined market and product diversifications was a corresponding decrease in operating expenses, down in the first half of the financial year by approximately 4 percentage points as a percentage of sales. EBITDA margin improved by about 2 percentage points to 16.4% through greater economies of scale and effective cost control efforts.

John Poon, Executive Director and Group Chief Financial Officer, said, "We have a very healthy balance sheet, with cash on hand at a record high near HK\$800 million at the end of December 2000 despite aggressive capital expenditure. Our net cash position stood at HK\$488 million, representing an increase of over HK\$100 million compared to June 30, 2000."

Commenting on future trends, Mr Ying said he was confident that the Group's growth momentum would continue in the second half of the financial year as evidenced by the wholesale orders already on hand.

"Given our strong financial position, our plans to expand our retail distribution network, such as opening up megastores in the United Kingdom, and to launch new product lines such as Active Sportswear provide a rock-solid foundation for the Group's further globalisation," Mr Ying said. "We remain bullish, barring unforeseeable circumstances, in finishing the financial year with healthy growth and record profits."

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 controls retail space of two million square feet in more than 40 countries worldwide. It operates more than 500 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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Encl. Financial Highlights

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Note to Editor:

Please visit our website at www.esprit-intl.com/investor relations to know more about Esprit.

Selected Financial Highlights

For the six months ended December 31, 2000

	Unaudited 2000 HK\$'000	Unaudited 1999 HK\$'000
Turnover	3,994,242	3,647,755
Cost of Goods Sold	(2,035,993)	(1,798,796)
Gross Profit	1,958,249	1,848,959
Operating Profit	558,913	429,222
Profit before Taxation	569,273	435,081
Taxation	(258,735)	(185,190)
Profit after Taxation	310,538	249,891
Minority Interests	(37,334)	(38,916)
Profit Attributable to Shareholders	273,204	210,975
EPS: basic	24.4 cents	19.0 cents
EPS: fully diluted	23.7 cents	18.3 cents
EBITDA margin	16.4%	14.6%
EBIT margin	14.0%	12.0%