

Esprit Reports Record Results & Proposes Record Dividend Payout = 75% of EPS

- **Group turnover increased 13.2% to HK\$23.35 billion**
- **Net earnings rose 16.4% to HK\$3.74 billion, i.e. HK\$3.09 per share**
- **Net profit margin expanded 0.4% point to 16.0%**
- **Net cash rose to HK\$2.5 billion**
- **Proposed final and special dividend: HK\$1.81 per share**

HONG KONG, September 13, 2006 - Esprit Holdings Limited (SEHK: 330; LSE: EPT LI) today announced final results for the fiscal year ended June 30, 2006.

“This year, Esprit has once again demonstrated its ability to achieve both our operational and financial targets. We have strengthened our foundation for future success through protecting and enhancing the Esprit brand, broadening our geographic reach and by bolstering our management team”, commented Mr. Michael Ying, Chairman of the Board.

Mr. Heinz Krogner, Deputy Chairman and Group CEO said, “With local currency turnover growth of 18.2% resulting in record net earnings of over HK\$3.7 billion, our performance reflects the vibrancy of our high-quality products,”

“Key performance indicators are in-line with targets set by management at the beginning of the year. In addition to a retail comp-store sales growth of 9.0%, we saw further improvement at margin fronts where EBIT margin increased by 0.6% point to 20.4% and net profit margin increased by 0.4% point to 16.0%,” Mr. John Poon, Deputy Chairman and Group CFO stated, “With an impressive 74.9% increase in this financial year’s free cash flow, our Board of Directors is delighted to propose a final dividend and a special dividend totaling HK\$1.81 per share which represents a full-year dividend payout ratio of 75%,”

“In the new financial year, the Group is planning to open over 1,500 controlled-space wholesale point-of-sales and over 80 directly managed retail stores,” Thomas Grote, President of ESPRIT brand stated, “we will work meticulously to enhance our product assortments and accommodate new trends into our product lines,”

“I have great confidence in Thomas Grote’s abilities and trust his leadership and dedication to further strengthen the management team to herald a new phase of success for the Esprit brand,” Mr. Krogner continued, “With our proven growth strategies, we are confident that the Group will again achieve the double-digit percentage growth target in the upcoming year, and continue to deliver excellent returns in the years ahead,” Mr. Krogner concluded.

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

	Year Ended June 30		Year-on-year Growth
	2006	2005 (As restated*)	
Turnover	23,349	20,632	13.2%
Operating Profit (EBIT)	4,765	4,075	16.9%
Profit attributable to Shareholders	3,737	3,211	16.4%
Operating Margin	20.4%	19.8%	0.6% pt
Net Profit Margin	16.0%	15.6%	0.4% pt
Basic EPS	HK\$3.09	HK\$2.68	15.3%
Final Dividend	HK\$0.73	HK\$0.66	10.6%
Special Dividend	HK\$1.08	HK\$0.84	28.6%
Return on Equity (ROE)	46.3%	51.6%	-5.3% pts
Shareholders’ Funds	9,107	7,039	29.4%

* On the adoption of International Financial Reporting Standard 2, Share-based Payment, certain comparative figures have been restated. For details of the effect on the consolidated income statement for the financial year ended June 30, 2006, please refer to result announcement on www.espritholdings.com

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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 over 660 directly managed retail stores worldwide and distribute through over 11,450 controlled-space wholesale points-of-sales internationally, occupying over 224,000 square meters of directly managed retail space in more than 40 countries.

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