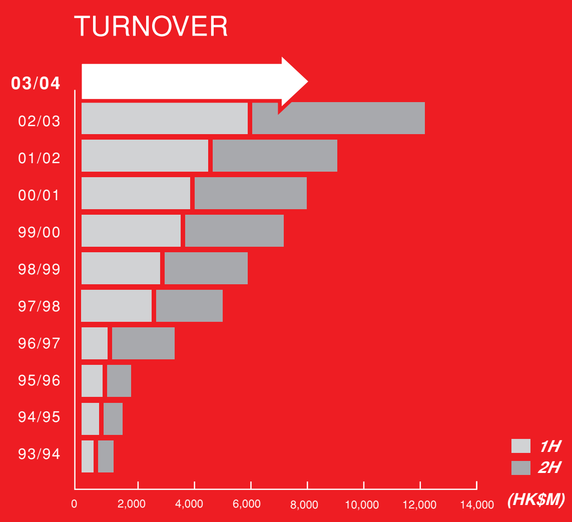

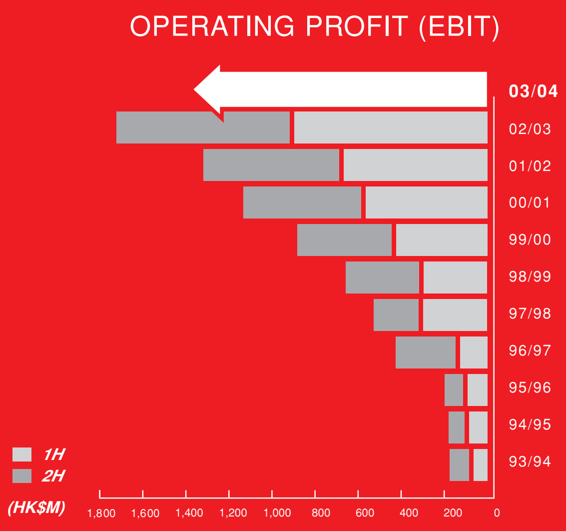

HIGHLIGHTS OF INTERIM RESULTS FY 03/04

- Group turnover rose 32% to over HK$8 billion
- Net profits grew 53% to HK$886 million
- Earnings Per Share: HK74.4 cents
- Interim dividend: HK19 cents per share
- Operating margin expanded 2.2% pts to 17.1%
- Net cash increased to over HK$1.6 billion

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2003

INTERIM RESULTS

The Board of Directors of Esprit Holdings Limited (the "Company") is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended December 31, 2003 together with comparative figures for the corresponding period are as follows:

Condensed Consolidated Profit and Loss Account (Unaudited)

	Notes	For the 6 months ended December 31, 2003 HK$'000	2002 HK$'000 (Restated)
Turnover			
Company and subsidiary companies		**8,006,016**	6,066,595
Share of associated companies		**142,000**	135,065
		8,148,016	6,201,660
Company and subsidiary companies			
Turnover	*2*	**8,006,016**	6,066,595
Cost of goods sold		**(3,958,528)**	(3,040,208)
Gross profit		**4,047,488**	3,026,387
Staff costs		**(946,221)**	(768,485)
Depreciation and amortization		**(209,913)**	(182,421)
Other operating costs		**(1,518,982)**	(1,169,658)
Operating profit		**1,372,372**	905,823
Interest income		**15,789**	11,459
Finance costs		**(11,480)**	(15,290)
Share of results of associated companies		**26,457**	28,021
Profit before taxation	*3*	**1,403,138**	930,013
Taxation	*4*	**(517,233)**	(352,200)
Profit attributable to shareholders		**885,905**	577,813
Interim dividend	*5*	**226,575**	88,411
Earnings per share			
– Basic	*6*	**74.4 cents**	49.0 cents
– Fully diluted	*6*	**73.8 cents**	48.8 cents
Dividend per share		**19.0 cents**	7.5 cents

Condensed Consolidated Balance Sheet	*Notes*	**Unaudited As at December 31, 2003** ***HK$'000***	Audited As at June 30, 2003 *HK$'000* (Restated)
Intangible Assets		**1,729,062**	1,744,125
Fixed Assets	*7*	**1,402,892**	1,077,505
Other Investments		**7,846**	7,846
Associated Companies		**92,174**	101,568
Deferred Tax Assets		**111,329**	93,416
Current Assets			
Stocks		**1,149,127**	918,268
Debtors, deposits and prepayments	*8*	**1,567,636**	1,206,333
Amounts due from associated companies		**55,999**	26,196
Short-term bank deposits		**65,824**	167,443
Bank balances and cash		**2,473,125**	1,944,793
		5,311,711	4,263,033
Current Liabilities			
Creditors and accrued charges	*9*	**2,050,546**	1,429,881
Taxation		**1,089,148**	775,441
Obligations under finance leases – due within one year		**1,714**	219
Bank overdrafts		**17,381**	15,571
		3,158,789	2,221,112
Net Current Assets		**2,152,922**	2,041,921
Total Assets Less Current Liabilities		**5,496,225**	5,066,381
Financed by:			
Share Capital		**119,250**	118,869
Reserves		**1,532,274**	1,310,881
Retained Profits		**2,732,900**	2,591,722
Shareholders' Funds		**4,384,424**	4,021,472
Obligations Under Finance Leases		**323**	336
Long-term Bank Loan		**849,726**	776,411
Deferred Tax Liabilities		**261,752**	268,162
		5,496,225	5,066,381

Notes to the Unaudited Condensed Consolidated Interim Accounts

1. Accounting policies

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended June 30, 2003 except that the Group has changed its accounting policy following its adoption of SSAP 12 (Revised) "Income Taxes" which is effective for accounting periods commencing on or after January 1, 2003.

The changes to the Group's accounting policy and the effect of adopting this new policy are set out below:

Deferred taxation

In prior years, deferred tax was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The SSAP 12 (Revised) requires that deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred taxation is provided on temporary differences arising from investments in subsidiaries and associated companies, except where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future. The adoption of SSAP 12 (Revised) represents a change in accounting policy which has been applied retrospectively so that the comparatives presented have been restated accordingly.

The opening retained profits of the Group at July 1, 2002 and July 1, 2003 have been reduced by HK$239,741,000 and HK$219,150,000 respectively. The opening translation reserve at July 1, 2002 and July 1, 2003 have been increased by HK$3,844,000 and HK$2,895,000 respectively.

This change has resulted in an increase in deferred tax assets and deferred tax liabilities at June 30, 2003 by HK$47,651,000 and HK$263,906,000 respectively. The net profit and the amount charged directly to translation reserve for the six months ended December 31, 2002 have been increased by HK$22,554,000 and HK$71,000 respectively.

2. Turnover and segment information

The Group is principally engaged in the wholesale and retail distribution, sourcing and licensing of quality fashion and life-style products under the internationally known ESPRIT brand name, together with Red Earth cosmetics, skin and body care products and the operation of Salon ESPRIT.

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**7,904,394**	5,965,211
Commission income	**2,261**	3,723
Licensing and other income	**99,361**	97,661
	8,006,016	6,066,595

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.

	For the 6 months ended December 31, 2003					
	Wholesale	**Retail**	**Sourcing**	**Licensing & others**	**Eliminations**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Turnover	**4,662,378**	**3,242,016**	**2,261**	**99,361**	**–**	**8,006,016**
Inter-segment revenue	**–**	**–**	**326,794**	**174,539**	**(501,333)**	**–**
Segment revenue	**4,662,378**	**3,242,016**	**329,055**	**273,900**	**(501,333)**	**8,006,016**
Segment results	**761,682**	**341,388**	**221,913**	**134,785**	**(14,861)**	**1,444,907**
Intangible assets amortization						**(52,908)**
Unallocated net expenses						**(19,627)**
Operating profit						**1,372,372**

	For the 6 months ended December 31, 2002					
	Wholesale	Retail	Sourcing	Licensing & others	Eliminations	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	3,405,105	2,560,106	3,723	97,661	–	6,066,595
Inter-segment revenue	–	–	314,789	128,122	(442,911)	–
Segment revenue	3,405,105	2,560,106	318,512	225,783	(442,911)	6,066,595
Segment results	471,095	138,717	263,828	124,549	(230)	997,959
Intangible assets amortization						(52,908)
Unallocated net expenses						(39,228)
Operating profit						905,823

Secondary reporting format – geographical segments

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of customers. An analysis of the Group's turnover by geographical segments is as follows:

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*
Turnover in:		
Europe	**6,703,782**	4,727,743
Asia	**726,183**	897,376
Australasia	**367,428**	299,511
North America and others	**208,623**	141,965
	8,006,016	6,066,595

3. **Profit before taxation**

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*

Profit before taxation is arrived at after crediting and charging the following:

Crediting:		
Net exchange gain	**2,328**	4,037

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*
Charging:		
Depreciation		
– Owned assets	**156,749**	129,090
– Assets held under finance leases	**256**	423
Intangible assets amortization	**52,908**	52,908
Interest on overdrafts and long-term bank loans wholly repayable within five years	**11,433**	15,248
Interest element of finance leases	**47**	42
Impairment of fixed assets	**1,007**	–
Loss on disposal of fixed assets	**2,794**	2,963
Provision for doubtful debts	**21,711**	15,760
Provision for obsolete stocks	**32**	45,688
Provision for retail store exit costs	**14,545**	–

4. **Taxation**

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong Profits Tax	**47,319**	30,429
Overseas taxation	**483,400**	305,772
	530,719	336,201
Deferred tax (credit)/charge:		
Current period	**(19,095)**	10,221
Change in tax rate	**(842)**	–
	(19,937)	10,221
Taxation attributable to the Company and its subsidiaries	**510,782**	346,422
Associated companies – overseas taxation	**6,451**	5,778
	517,233	352,200

Hong Kong profits tax has been provided at the rate of 17.5% (2002/2003: 16%) on the estimated assessable profit for the period. In June 2003, the Hong Kong profits tax rate was increased to 17.5% with effect from the 2003/2004 year of assessment.

Overseas (outside of Hong Kong) taxation has been calculated at the rates of taxation prevailing in the countries in which the group companies operate.

5. Interim dividend

	For the 6 months ended December 31,	
	2003	2002
	HK$'000	*HK$'000*
Interim dividend declared of Hong Kong 19 cents (2002/2003: Hong Kong 7.5 cents) per share	**226,575**	88,411

The amount for the 2003/2004 interim dividend is based on 1,192,502,434 shares (2002/2003: 1,178,812,434 shares) in issue as at February 11, 2004.

6. Earnings per share

The calculation of basic earnings per share is based on the unaudited profit attributable to shareholders of HK$885,905,000 (2002/2003 (as restated): HK$577,813,000) and the weighted average number of shares in issue during the period of 1,190,434,934 (2002/2003: 1,178,350,477).

The calculation of fully diluted earnings per share is based on the unaudited profit attributable to shareholders of HK$885,905,000 (2002/2003 (as restated): HK$577,813,000), and the weighted average number of shares in issue during the period of 1,200,070,296 (2002/2003: 1,183,715,121) after adjusting for the number of dilutive ordinary shares deemed to be issued at no consideration based on the assumption that all outstanding share options granted under the Company's share option scheme had been exercised.

7. Capital expenditure

	Fixed assets
	HK$'000
Balance at July 1, 2003	**1,077,505**
Exchange translation	**105,292**
Acquisition of subsidiaries	**63,294**
Other additions	**322,529**
Disposals	**(7,716)**
Depreciation *(note 3)*	**(157,005)**
Impairment *(note 3)*	**(1,007)**
Balance at December 31, 2003	**1,402,892**

During the period ended December 31, 2003, the Group incurred approximately HK$207 million in expansion and renovation of retail shops in various locations and approximately HK$114 million in office improvements and equipments.

8. Debtors, deposits and prepayments

Debtors, deposits and prepayments included trade debtors and their ageing analysis is as follows:

	As at December 31, 2003	As at June 30, 2003
	HK$'000	*HK$'000*
0–30 days	**925,423**	791,644
31–60 days	**48,014**	45,828
61–90 days	**27,669**	10,774
Over 90 days	**41,144**	27,688
	1,042,250	875,934

The Group's retail sales to customers are mainly on cash basis. The Group also grants credit period which is usually 30 days to certain wholesale and franchise customers.

9. Creditors and accrued charges

Creditors and accrued charges included trade creditors and their ageing analysis is as follows:

	As at December 31, 2003 *HK$'000*	As at June 30, 2003 *HK$'000*
0–30 days	**653,521**	489,189
31–60 days	**131,578**	30,048
61–90 days	**42,473**	8,095
Over 90 days	**34,985**	15,938
	862,557	543,270

INTERIM DIVIDEND

The directors have declared an interim dividend for the six months ended December 31, 2003 of HK19 cents per share (2002/2003: HK7.5 cents), payable on or about Thursday, April 8, 2004 to the shareholders whose names appear on the Register of Members of the Company at close of business on Thursday, April 1, 2004 ("Shareholders"). The relevant dividend warrants will be dispatched to Shareholders on or about Wednesday, April 7, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Marking our entry into a new decade of growth, the Group continues to deliver record results with strong earnings growth, solid margin expansion and improvement in our overall financial strength. Our success has been driven by product excellence and providing our customers with the quality and high price-value correlation that they have come to associate with Esprit. Though economic conditions were very challenging worldwide, we demonstrated that the ESPRIT brand, led by our talented management, offers high potential for continuous growth.

Turnover

Turnover of the Group was HK$8,006 million for the six months ended December 31, 2003, an increase of 32% compared to the corresponding period last year. Revenues were driven by increases in sales for all key product divisions and business segments. European sales benefited from lower sourcing costs as the Euro remained strong against the Hong Kong dollar. The appreciation of the Euro created a wider margin for the Group to improve product quality and yet stay competitive in price, allowing the European operation to gain market share in the difficult retail environment.

	Group Turnover Breakdown 6 months ended December 31, **2003**		2002		**Year-on-Year Growth**	
Geographical Mix						
Europe		83.7%		77.9%		41.8%
Germany	53.4%		50.7%		38.9%	
Benelux	17.0%		15.6%		43.5%	
France	5.1%		4.0%		71.7%	
Scandinavia	3.7%		3.0%		61.8%	
Others	4.5%		4.6%		27.9%	
Asia		9.1%		14.8%		-19.1%
Australasia		4.6%		4.9%		22.7%
North America & Others		2.6%		2.4%		47.0%
Product Mix						
Women's wear		61%		58%		40%
Casual	40%		41%		29%	
Edc	12%		10%		67%	
Collection	7%		5%		57%	
Sports	2%		2%		81%	
Men's wear		14%		14%		38%
Kid's wear		7%		8%		11%
Shoes & Accessories		10%		13%		2%
Others		8%		7%		36%

Operating Profit

Gross margin recorded an increase of 0.7% point to 50.6% compared to the same period last year. The improved gross margin was driven by more full-price sales and better sell-through of higher margin products, and was partially offset by costs associated with improvement in product quality and the change in mix between wholesale and retail volumes, with wholesale now accounting for 58.2% of turnover compared to 56.1% in the same period last year.

EBITDA (operating profit before interest, taxation, depreciation and amortization) was HK$1,582 million for the first half of FY2003/04, an increase of 45.4% compared to the corresponding period last year. EBITDA margin rose 1.9% points to 19.8%. The improvement was primarily driven by greater economies of scale and profitability enhancement in the underperforming retail markets. The two largest operating expenses, occupancy costs and personnel costs, declined 1.0% point and 0.9% point respectively as a percentage of sales. A change in the business mix as a result of higher wholesale growth also contributed to the improvement.

The Group had a total depreciation and amortization expense of HK$210 million for the reporting period compared to HK$182 million for the same period last year.

Net Profit

Net profit grew 53.3% to HK$886 million and net profit margin improved from 9.5% to 11.1%. The effective tax rate decreased to 36.9% from 37.9% for the same period last year as a result of the implementation of effective tax strategies in Asia and improved profitability in low tax jurisdictions.

Liquidity and Financial Resources

Cash flow from operations was HK$1,331 million, augmented 53.7% compared to the same period last year, increasing the Group's total cash and cash equivalents to HK$2,522 million, an increase of HK$425 million over the balance as at June 30, 2003.

The Group ended the period with HK$1,672 million of net cash (i.e. cash and cash equivalents less bank loans payable in 2005), an increase of HK$352 million over the balance as at June 30, 2003, after having spent HK$321 million on capital expenditures on new stores openings, stores upgrading and development of new IT systems, HK$180 million on the acquisition of Bollag Guggenheim & Co. AG, and HK$745 million on dividend payments in December 2003.

As at December 31, 2003, the Group had total bank borrowings of HK$867 million. The Group did not pledge any assets as security for overdrafts and our short-term revolving facility. Our debt to equity ratio, expressed as a percentage of interest bearing external borrowings over shareholders' funds, was 19.8%.

To minimize our foreign exchange exposure, the Group entered into foreign exchange forward contracts with large and reputable financial institutions to reduce credit risk. Outstanding contracts amounted to HK$291 million as at December 31, 2003.

The Group will continue to fund its capital expenditure by internally generated cash flow. About HK$400 million has been budgeted for capital expenditure for the remainder of this financial year to be spent mainly on continuous expansion and upgrades of our existing distribution network, as well as development of new IT systems.

Products

In terms of products, women's wear and men's wear continued to dominate with 61% and 14% of the Group's total turnover and a year-on-year growth of 39.6% and 37.9% respectively. A major success in the women's division was the expansion in the Sports, edc and Collection lines, each recording 81%, 67% and 57% turnover growth, demonstrating their excellent potential for long-term development. To further extend the breadth and depth of our products, we are focusing on greater differentiation of edc, Casual and Collection lines to cater to three distinct target groups, as well as adding edc youth, men's edc and new york edition to widen our products selection.

Wholesale

The Group achieved a 36.9% year-on-year growth in wholesale turnover, from HK$3,405 million to HK$4,662 million, through a combination of continued increases in the volume of goods sold to our existing customers and the expansion of our wholesale network. Operating profit from our wholesale business increased 61.7% to HK$762 million.

Europe remained as our core wholesale market with Germany and Benelux recording 32.7% and 41.8% year-on-year turnover growth, respectively. With controlled space opened last year starting to contribute, France continues to gather momentum and achieved remarkable 77.6% sales growth. During the reporting period, the women's Casual line again performed well, while men's wear, women's edc and women's Collection achieved particularly strong growth. Contributing to the sales expansion was the increase in the number of partnership stores, shop-in-stores and identity corners from about 410 to over 480 (totaling over 78,800 m^2), about 1,700 to over 2,450 (totaling over 95,600 m^2) and around 3,400 to over 3,900 (totaling over 82,600 m^2) respectively (all excluding China Associates) since the beginning of the financial year.

In the first half of this financial year, we made significant progress on extending the international reach and penetration of our wholesale business. The Group expanded its wholesale distribution network to the United Kingdom and Canada; recruited a regional director for wholesale, a newly created position, to develop wholesale opportunities in Asia; and continued to adjust its strategy for the U.S. market.

Market	**Germany**	**Benelux**	**France**	**Scandinavia**	**Austria**	**Others**
% of wholesale revenue	55.6%	19.9%	7.5%	5.8%	4.8%	6.4%
% point(s) difference (1HFY03/04 vs. 1HFY02/03)	-1.8% pts	+0.7% pt	+1.7% pts	+1.0% pt	-0.4% pt	-1.2% pts
% growth from last year	+32.7%	+41.8%	+77.6%	+64.9%	+25.5%	+15.5%

Retail

Retail turnover increased by 26.6% to HK$3,242 million through comparable-store-growth of 5.3% and a 7.0% expansion in selling spaces.

We have successfully improved the quality and flow of fresh merchandise to our stores. Our goal has been to create a retail environment that would excite and engage our customers. Notwithstanding the soft economic environment worldwide, the results have been encouraging. Customers were drawn to the steady stream of new offerings and showed less price resistance.

The European retail division was the fastest growing division, recording a 48% increase in sales to HK$2.3 billion. This was the combined result of a 15.6% increase in comparable-store-sales and a more than 10,000 m^2 addition in retail space. Germany and Benelux, which represented 51.8% and 13.3% of the Group's total retail turnover, registered 49.7% and 47.2% year-on-year growth respectively.

We are committed to improving the long-term profitability of our other retail markets. To this end, we have reduced markdown activities in Hong Kong and Taiwan, and successfully trimmed loss-making sales in these countries. Although turnover in Asia was down 25.7% due to restructuring, the combined result of an increase in full-price sales and better merchandise planning and inventory management was a significant improvement in profitability in Hong Kong and Taiwan during the reporting period.

As at December 31, 2003, the Group operated about 162,600 m^2 of directly managed retail sales area, compared to around 152,100 m^2 at the end of the last financial year. Within the first half of this financial year, 47 stores were added and 50 stores were closed, bringing the total number of directly managed stores to over 560.

Market	**Germany**	**Benelux**	**France**	**Australasia**	**Hong Kong (incl. Macau)**	**Others**
% of retail revenue	51.8%	13.3%	1.9%	10.7%	7.4%	14.9%
% point(s) difference (1HFY03/04 vs. 1HFY02/03)	+8.0% pts	+1.9% pts	+0.2% pt	-0.6% pt	-5.0% pts	-4.5% pts
% growth from last year	+49.7%	+47.2%	+44.9%	+20.8%	-24.3%	-3.2%

Our retail performance was further enhanced by e*shop, which achieved HK$190 million sales in this reporting period, a remarkable 126% increase over the same period last year. The Internet has proven to be an effective distribution channel for ESPRIT.

Licensing

Third parties licensing income increased 22.2% year-on-year to HK$54.6 million as we continued to extend market coverage with existing license partners while working with new ones to launch new ESPRIT licensed products worldwide. During the six months ended December 31, 2003, 6 new partners were added, increasing our portfolio of product licensees to over 25, offering merchandise in around 23 categories. The U.S., which generated 34% of the Group's third parties licensing income, has continued to perform well and showed encouraging market acceptance. ESPRIT is already a leading brand for contemporary swimwear and outerwear in the U.S.

New products launched during the reporting period include *Life by Esprit* fragrance, *ESP esprit sports* eyewear, edc high fashion hosiery, baby carriage, men's jewelry and men's watches. In addition, existing licensed products such as jewelry & watch, duvets, sports eyewear and umbrella were rolled out in China; umbrellas were introduced in Asia; and kids' shoes and swimwear were marketed in Canada. All these newly introduced license businesses are expected to contribute additional licensing income in the second half of this financial year.

We maintained a high level of involvement with the licensees and worked closely with them to ensure the quality of their products, control of distribution and overall development of their businesses. We remain confident that this business will continue to grow strongly and profitably.

China Associates

Operations in China recorded a 5.1% year-on-year increase in turnover to HK$290 million. With a difference in financial year-end, the adverse impact of the Severe Acute Respiratory Syndrome ("SARS") outbreak on the Chinese market during Spring 2003 was accounted for in the Group's FY2003/04 interim results. The Group expects the actual performance of the China associates for the six months ended December 31, 2003 to have recovered from the SARS outbreak and that this will be reflected in the Group's full year results.

Outlook

Looking into the rest of the financial year, we remain confident in achieving double-digit turnover and net profits growth for the full financial year while continuing to grow on all major fronts.

We remain bullish in sustaining the growth in our leading market – Europe. We will continue to deepen our penetration in key countries and extend our foothold to new ones. Our European wholesale orders booked until June 2004 show double-digit year-on-year growth. Over 100 new shop-in-stores and 60 new partnership stores are expected to be opened before the end of this financial year. The approximately 45,000 m^2 controlled space added in Germany, Benelux and France in the first half of this financial year is expected to begin contributing meaningfully in the second half year. Further retail expansion in Europe continues to proceed with the addition of around 10,000 m^2 selling spaces. Upon regaining distribution control in Switzerland and Italy, we expect smooth integration and these countries' immediate contribution to the Group's turnover and profits. In addition, United Kingdom will be one of our focal points of development in Europe in the upcoming year. We have signed a 550 m^2 new store on Oxford Street and will further open 5 to 6 stores of similar size concentrating in the London area through financial year 2004/05.

Leveraging on the improved economic conditions in Asia, retail operations in Hong Kong and Taiwan are expected to achieve better results. In Hong Kong, we plan to remodel certain stores and open some smaller ones and in Taiwan, we intend to expand the store network and introduce various smaller product lines under concession arrangements. With better merchandising, more full-price sales, advertising campaigns to upgrade brand image and tighter cost control, we are on track to halve total retail losses from Hong Kong, Taiwan, United Kingdom and Canada.

In North America, we will continue with re-positioning the business for healthy long-term growth. The immediate objective is to get ESPRIT products to U.S. consumers as quickly as possible without incurring any losses. On the wholesale front, we are working with selected partners to re-position the ESPRIT brand and products, targeting not only the junior market but also the better sportswear and contemporary segments. Opinion leaders and better department stores will be approached for further wholesale expansion. Complementing our strategic brand re-positioning will be the opening of our first flagship store on Fifth Avenue, New York. The store, opening this summer, will illustrate ESPRIT's consistent global image and brand position to the U.S. trade. Depending on the availability of suitable locations, we intend to open an additional 3 to 4 retail stores in the New York metro area through financial year 2004/05. The launch of e*shop in order to capture the U.S. online shopping market will commence this summer and the preparations are progressing smoothly. On the licensing front, new products scheduled to be launched in U.S. in the second half of the financial year include timewear, costume jewelry, hosiery and cold weather accessories. In Canada, we will further upgrade our store portfolio by closing two non-performing stores and adding several better located ones. Moreover, we will institute e*club in order to enhance direct communications with customers.

We are confident that with our strong professional management, developed global infrastructure and solid balance sheet, the Group will sustain its growth momentum throughout this financial year and well into the future.

Corporate Governance

In order to further enhance our high standard of corporate governance, 3-member remuneration and nomination committees were formed with 2 independent non-executive directors on each committee.

In December 2003, The Asset magazine ranked Esprit number 3 in Hong Kong for "Best in Corporate Governance", an outstanding improvement from our 6th ranking last year.

Significant Events

In December 2003, the Group acquired Bollag-Guggenheim & Co. AG in Switzerland and thereby regained full control of the distribution of ESPRIT apparel and related products in Switzerland and Italy.

Our efforts in striving for excellence are well recognized. In August 2003, the Group was included in the S&P/HKEx LargeCap Index. We were awarded the title of the "Best Company in Asia Retail Sector" by Global Finance magazine in November 2003. We were also ranked among the top 5 in "Overall Best Managed Company in Hong Kong", "Best Corporate Strategy in Hong Kong" and "Best Operational Efficiency in Hong Kong" by Asiamoney magazine in December 2003.

Human Resources

As at December 31, 2003, the Group employed a total of 6,405 people (2002: 6,232). The Group offers competitive remuneration packages to its employees in compensation for their contribution. In addition, share options and discretionary bonuses are also granted based on the Group's and individuals' performances. All employees from around the world are connected in the Esprit community through the quarterly newsletter and share the Group's vision and values through the global intranet.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, March 29, 2004 to Thursday, April 1, 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, March 26, 2004.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's shares during the period under review.

AUDIT COMMITTEE

The Audit Committee is comprised of four non-executive Directors, three of whom are independent. 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 unaudited interim results for the six months ended December 31, 2003 with management.

In addition, the Group's external auditors, PricewaterhouseCoopers, have performed an independent review of the interim financial report for the six months ended December 31, 2003 in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. On the basis of their review, which does not constitute an audit, PricewaterhouseCoopers confirmed in writing that they are not aware of any material modifications that should be made to the interim financial report.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period under review.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information that is required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
John Poon Cho Ming
Executive Director & Group CFO
Esprit Holdings Limited

Hong Kong, February 11, 2004

This announcement can also be accessed through our internet site at www.espritholdings.com.

"Please also refer to the published version of this announcement in the South China Morning Post"