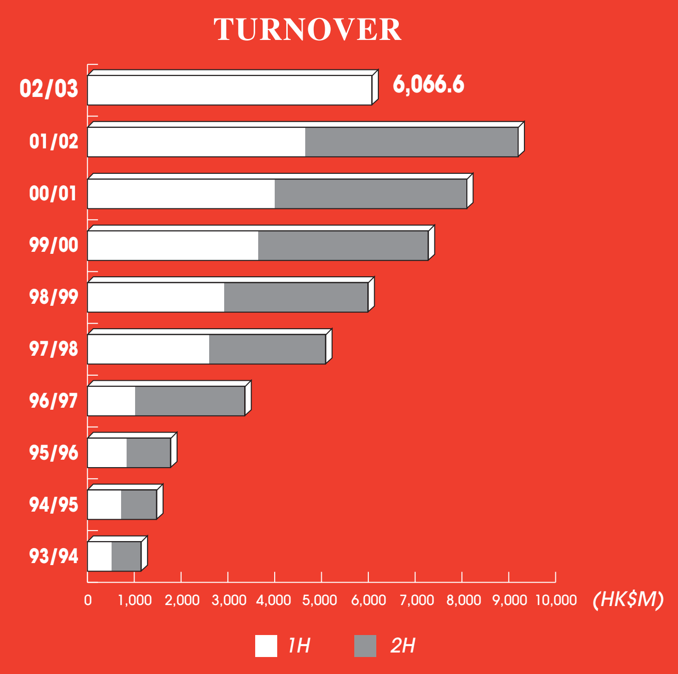
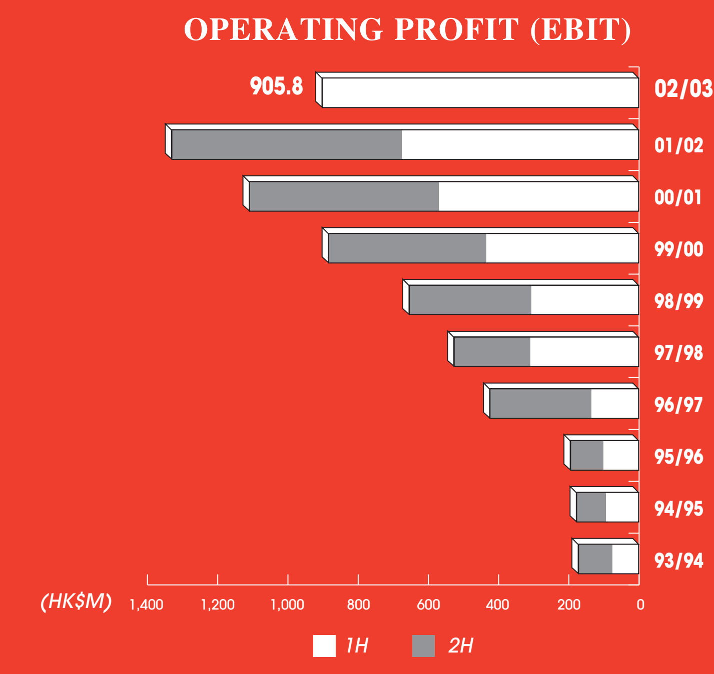



# HIGHLIGHTS OF INTERIM RESULTS FY 02/03

- Group turnover rose 31% to over HK$6 billion
- Operating profit increased to over HK$900 million
- Net profit grew by 44% to HK$555 million
- Earnings per share rose 40% to HK47.1 cents
- Cash and cash equivalents grew to approximately HK$1.5 billion after investing around HK$180 million in capital expenditure
- Interim dividend: HK7.5 cents per share, a 25% increase from last year




# ESPRIT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2002

**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, 2002 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, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|---|
| **Turnover** | | | |
| **Company and subsidiary companies** | | 6,066,595 | 4,647,845 |
| **Share of associated companies** | | 135,065 | 114,807 |
| | | 6,201,660 | 4,762,652 |
| **Company and subsidiary companies** | | | |
| **Turnover** | 2 | 6,066,595 | 4,647,845 |
| **Cost of goods sold** | | (3,040,208) | (2,419,795) |
| **Gross profit** | | 3,026,387 | 2,228,050 |
| **Staff costs** | | (768,485) | (610,149) |
| **Depreciation and amortization** | | (182,421) | (130,120) |
| **Other operating costs** | | (1,169,658) | (812,186) |
| **Operating profit** | 2 | 905,823 | 675,595 |
| **Interest income** | | 11,459 | 8,926 |
| **Finance costs** | | (15,290) | (1,935) |
| **Share of results of associated companies** | | 28,021 | 13,773 |
| **Profit before taxation** | 3 | 930,013 | 696,359 |
| **Taxation** | 4 | (374,754) | (272,544) |
| **Profit after taxation** | | 555,259 | 423,815 |
| **Minority interests** | | – | (38,619) |
| **Profit attributable to shareholders** | | 555,259 | 385,196 |
| **Interim dividend** | 5 | 88,411 | 68,906 |
| **Earnings per share** | | | |
| – Basic | 6 | 47.1 cents | 33.7 cents |
| – Fully diluted | 6 | 46.9 cents | 33.0 cents |
| **Dividend per share** | | 7.5 cents | 6.0 cents |

**Condensed Consolidated Balance Sheet**

| | Notes | Unaudited As at December 31, 2002 HK$'000 | Audited As at June 30, 2002 HK$'000 |
|---|---|---|---|
| **Intangible Assets** | | 1,797,032 | 1,849,940 |
| **Fixed Assets** | | 1,070,952 | 988,697 |
| **Other Investments** | | 7,686 | 7,686 |
| **Associated Companies** | | 76,111 | 78,368 |
| **Deferred Tax Assets** | | 4,803 | 4,233 |
| **Current Assets** | | | |
| Stocks | | 921,005 | 955,321 |
| Debtors, deposits and prepayments | 7 | 950,375 | 824,248 |
| Amounts due from associated companies | | 35,261 | 17,808 |
| Short-term bank deposits | | 166,979 | 331,647 |
| Bank balances and cash | | 1,327,581 | 650,026 |
| | | 3,401,201 | 2,779,050 |
| **Current Liabilities** | | | |
| Creditors and accrued charges | 8 | 1,156,764 | 976,365 |
| Taxation | | 730,022 | 681,556 |
| Obligations under finance leases – due within one year | | 239 | 593 |
| Bank overdrafts | | 32,508 | 47,995 |
| | | 1,919,533 | 1,706,509 |
| **Net Current Assets** | | 1,481,668 | 1,072,541 |
| **Total Assets Less Current Liabilities** | | 4,438,252 | 4,001,465 |
| Financed by: | | | |
| **Share Capital** | 9 | 117,856 | 117,694 |
| **Reserves** | | 1,217,555 | 1,113,013 |
| **Retained Profits** | | 2,180,576 | 1,713,728 |
| **Interim Dividend** | | 88,411 | – |
| **Proposed Final and Special Dividends** | | – | 259,284 |
| **Shareholders' Funds** | | 3,604,398 | 3,203,719 |
| **Obligations Under Finance Leases** | | 333 | 450 |
| **Long-term Bank Loan** | | 780,000 | 780,000 |
| **Deferred Tax Liabilities** | | 53,521 | 17,296 |
| | | 4,438,252 | 4,001,465 |

**Notes to the Financial Statements**

1. **Accounting policies**

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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, 2002 except that the Group has adopted SSAP 34 "Employee benefits" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after January 1, 2002. The adoption of the new SSAP has no material effect on the results for the current and prior accounting periods.

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 its own 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, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|
| Turnover | | |
| Sales of goods | 5,965,211 | 4,571,332 |
| Commission income | 3,723 | 4,447 |
| Licensing and other income | 97,661 | 72,066 |
| | 6,066,595 | 4,647,845 |

*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, 2002**

| | Wholesale HK$'000 | Retail HK$'000 | Sourcing HK$'000 | Licensing & others HK$'000 | Eliminations HK$'000 | Group HK$'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 |

For the 6 months ended December 31, 2001

| | Wholesale HK$'000 | Retail HK$'000 | Sourcing HK$'000 | Licensing & others HK$'000 | Eliminations HK$'000 | Group HK$'000 |
|---|---|---|---|---|---|---|
| Turnover | 2,575,718 | 1,995,614 | 4,447 | 72,066 | – | 4,647,845 |
| Inter-segment revenue | – | – | 250,979 | 93,233 | (344,212) | – |
| Segment revenue | 2,575,718 | 1,995,614 | 255,426 | 165,299 | (344,212) | 4,647,845 |
| Segment results | 360,467 | 70,264 | 222,306 | 96,702 | (26,365) | 723,374 |
| Intangible assets amortization | | | | | | (23,294) |
| Unallocated net expenses | | | | | | (24,485) |
| Operating profit | | | | | | 675,595 |

*Secondary reporting format – geographical segments*

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of customers. The Group has changed the presentation of its geographical segments to reflect its current internal financial reporting which was revised following the implementation of the Group's new global management structure in the current period. Accordingly prior period comparatives have been re-stated to conform with the current period presentation.

| | Turnover For the 6 months ended December 31, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|
| Europe | 4,727,743 | 3,380,429 |
| Asia | 897,376 | 881,136 |
| Australasia | 299,511 | 268,575 |
| North America and others | 141,965 | 117,705 |
| | 6,066,595 | 4,647,845 |

3. **Profit before taxation**

| | For the 6 months ended December 31, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|
| Profit before taxation is arrived at after crediting and charging the following: | | |
| Crediting: | | |
| Provision for doubtful debts written back | – | 6,213 |
| Provision for obsolete stock written back | – | 15,138 |
| Net exchange gains | 4,037 | 3,830 |
| Charging: | | |
| Depreciation | | |
| – Owned assets | 129,090 | 106,293 |
| – Assets held under finance leases | 423 | 533 |
| Intangible assets amortization | 52,908 | 23,294 |
| Interest on long-term bank loan, overdrafts, and other loans wholly repayable within five years | 15,248 | 1,855 |
| Interest element of finance leases | 42 | 80 |
| Loss on disposal of fixed assets | 2,963 | 5,690 |
| Provision for doubtful debts | 15,760 | – |
| Provision for obsolete stock | 45,688 | – |

4. **Taxation**

| | For the 6 months ended December 31, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|
| Company and its subsidiaries: | | |
| Hong Kong profits tax | 30,429 | 31,942 |
| Overseas taxation | 338,547 | 239,870 |
| | 368,976 | 271,812 |
| Associated companies – overseas taxation | 5,778 | 732 |
| | 374,754 | 272,544 |

Hong Kong profits tax has been provided at the rate of 16% (2001/2002: 16%) on the estimated assessable profit for the period.

Overseas (outside of Hong Kong) taxation has been calculated at the rates of taxation prevailing in the countries in which the Group operates.

5. **Interim dividend**

| | For the 6 months ended December 31, 2002 HK$'000 | 2001 HK$'000 |
|---|---|---|
| Alignment of final dividend on new shares issued (2001/2002: 1,332,000 new shares) | – | 160 |
| Interim dividend declared of 7.5 Hong Kong cents (2001/2002: 6.0 Hong Kong cents) per share | 88,411 | 68,746 |
| | 88,411 | 68,906 |

The amount for the 2002/2003 interim dividend is based on 1,178,812,434 shares (2001/2002: 1,145,772,831 shares) in issue as at January 31, 2003.

6. **Earnings per share**

The calculation of basic earnings per share is based on the unaudited profit attributable to shareholders of HK$555,259,000 (2001/2002: HK$385,196,000) and the weighted average number of shares in issue during the period of 1,178,350,477 (2001/2002: 1,143,169,751).

The calculation of fully diluted earnings per share is based on the unaudited profit attributable to shareholders of HK$555,259,000 (2001/2002: HK$385,196,000), and the weighted average number of shares in issue during the period of 1,183,715,121 (2001/2002: 1,167,511,920) 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 schemes had been exercised.

7. **Debtors, deposits and prepayments**

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

| | As at December 31, 2002 HK$'000 | As at June 30, 2002 HK$'000 |
|---|---|---|
| 0–30 days | 520,747 | 460,168 |
| 31–60 days | 39,042 | 21,341 |
| 61–90 days | 8,432 | 6,758 |
| Over 90 days | 47,192 | 32,392 |
| | 615,413 | 520,659 |

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.

8. **Creditors and accrued charges**

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

| | As at December 31, 2002 HK$'000 | As at June 30, 2002 HK$'000 |
|---|---|---|
| 0–30 days | 396,052 | 415,178 |
| 31–60 days | 40,618 | 29,367 |
| 61–90 days | 16,002 | 8,038 |
| Over 90 days | 35,945 | 11,561 |
| | 488,617 | 464,144 |

9. **Share capital**

| | As at December 31, 2002 HK$'000 | As at June 30, 2002 HK$'000 |
|---|---|---|
| Authorized: 2,000,000,000 shares of HK$0.10 each | 200,000 | 200,000 |

| | Number of shares of HK$0.10 each '000 | Nominal value HK$'000 |
|---|---|---|
| Issued and fully paid: | | |
| Balance at July 1, 2001 | 1,142,505 | 114,251 |
| Exercise of share options | 32,393 | 3,239 |
| Issues of scrip dividend shares | 2,039 | 204 |
| Balance at June 30, 2002 | 1,176,937 | 117,694 |
| Balance at July 1, 2002 | 1,176,937 | 117,694 |
| Exercise of share options *(Note (a))* | 1,625 | 162 |
| Balance at December 31, 2002 | 1,178,562 | 117,856 |

*Note (a):*

During the period, 1,625,000 ordinary shares of HK$0.10 were issued at a premium of the range from HK$2.54 to HK$6.26 each in relation to share options exercised by Directors and employees under a share option scheme.

**INTERIM DIVIDEND**

The directors have declared an interim dividend for the six months ended December 31, 2002 of HK7.5 cents per share (2001/2002: HK6.0 cents), payable on or about Tuesday, April 8, 2003 to the shareholders whose names appear on the Register of Members of the Company at close of business on Friday, March 28, 2003 ("Shareholders"). The relevant dividend warrants will be dispatched to Shareholders on or about Tuesday, April 8, 2003.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**The Esprit Group**

*Turnover*

Despite the weak global economic condition and increasingly challenging operating environment, turnover of the Group for the six months ended December 31, 2002 increased 30.5% year-on-year to HK$6,066 million. The ESPRIT brand continues to gain market share in Europe, where weaker brands that are unable to compete lost correspondingly. The wholesale and retail operations both recorded double-digit growth. The relatively higher Euro translation rate for this period further augmented the Group's results. All lines of business and all four geographical segments with operations achieved turnover growth.

| | Group Turnover Breakdown[1] 6 months ended Dec 31, 2002 | 6 months ended Dec 31, 2001 | Year-on-Year Growth |
|---|---|---|---|
| Operation Mix | | | |
| Wholesale | 56% | 55% | 32.2% |
| Retail | 42% | 43% | 28.3% |
| Licensing, Sourcing and Others | 2% | 2% | 32.5% |
| Geographical Mix | | | |
| Europe | 78% | 73% | 39.9% |
| Asia | 15% | 19% | 1.8% |
| Australasia | 5% | 6% | 11.5% |
| North America & Others | 2% | 2% | 20.6% |
| Product Mix | | | |
| Women's wear | 58% | 56% | 34.1% |
| Men's wear | 14% | 12% | 55.1% |
| Kid's wear | 8% | 9% | 15.2% |
| Shoes & Accessories | 13% | 14% | 16.1% |
| Red Earth | 2% | 3% | 1.7% |
| Others[2] | 5% | 6% | 20.9% |

1. Sales to third parties excluding inter-segment revenue.
2. Include salon, café, licensing income, bodywear, bed & bath, homeware & other licensed products such as timewear, eyewear, jewelry, etc.

Wholesale activities, primarily in Europe, generated HK$3.4 billion of turnover for the past six months, representing a 32.2% year-on-year growth. Our largest wholesale market Germany, representing 57% of the Group's total wholesale turnover, achieved over 20% growth year-on-year notwithstanding the weak local economy. Esprit products continue to be department store shoppers' favorite and therefore, our wholesale partners are increasing Esprit's store space despite the unfavorable macro environment. Also, our focus in growing smaller markets has borne fruit with Benelux and France each registered more than 50% wholesale sales growth. 319 shop-in-stores and freestanding franchise stores were added in the six months ended December 31, 2002. The Group's wholesale partners, excluding our China associates, now maintain around 2,000 Esprit point-of-sales worldwide, totaling around 126,000 square meters of sales area, an increase of 18% compared with our wholesale footprint as at June 30, 2002. The U.S. had a very encouraging start. Products offered in over 70 Macy's points-of-sale were well-received by the market, and The Federated Group, Dillards and Marshal Fields have since indicated that they will open over 300 shop-in-stores by the end of this year.

Retail sales rose 28.3% year-on-year to HK$2.6 billion, mostly fueled by growth in Europe, which represented 61% of the Group's total retail sales. Asia remained flat in turnover, delivered 24% of the Group's total retail sales on the other hand. The Group achieved around 5% comparable store growth in the first half of this financial year with Europe continuing to register double-digit comparable store growth while Asia returned to flat comparable store growth from a declining trend last year. The European retail operation continues to be the Group's fastest growing division, registering around 52% turnover growth year-on-year. The strongest growth was delivered by Germany, which represented 44% of the Group's total retail turnover. With a net increase of 15,000 square meters of retail store space in the last twelve months, Germany registered over 60% retail turnover growth year-on-year. Stores opened in Europe during the first half of this financial year achieved better-than-planned results while all the stores in Europe opened for over two years, except for two small ones, were profitable with positive comparable store growth. All other retail markets recorded turnover growth except for a single-digit percentage decline in Canada and Taiwan. Our e*shop in Europe continued to grow rapidly and achieved over HK$80 million sales in this period, a three-fold increase over last year. Operating margin improved due to more stringent expense control. We invested about HK$150 million in capital expenditures to increase our directly-managed retail sales area, mostly in Germany. Excluding our China associates, the total number of directly-managed stores world-wide amounted to 533 after adding 40 new retail shops, bringing the total sales area to approximately 147,000 square meters, an increase of 6% compared with the balance as at June 30, 2002.

Revenues from licensing, sourcing and other activities grew 32.5% over the same period last year. The escalation in turnover was partly attributable to additional licensing income from new U.S. licensees assumed from the U.S. acquisition last year. Our existing licensees, just to name a few, include Charmant for eyewear, Coty for fragrance, Beach Patrol for swimwear, Carole Hochman for sleepwear and loungewear. The response and excitement generated by Esprit global unification has generated additional opportunities for our licensing business. Licensing partnerships were forged soon after the U.S. acquisition with Nine West for shoes, accessories and bags, and Adjmi for kid's apparel, and both will start to contribute in the second half of this financial year.

On the sourcing front, focus has been put on gearing up for the change of Women's Collection from 6 to 12 seasons per year to ensure smooth transition. The strengthening of Euro against Hong Kong dollars has enabled us to further reduce our sourcing cost. The gradual migration to lower-cost suppliers in Northern China will continue.

*Operating Income*

Gross margin for the six months ended December 31, 2002 increased to 49.9% from 47.9% in the same period last year. Improvement in the Group's gross margin was primarily attributable to a combination of better merchandise, which led to more full price sales, and lowered sourcing cost. This has helped offset the fierce pricing pressure the apparel industry is currently facing globally.

EBITDA for the six months grew 35.1% year-on-year to HK$1,088 million, and EBITDA margin increased 0.6% point to 17.9%. The improvement was mainly attributable to greater economies of scale as well as improved profitability of the retail operation. Staff costs, which accounted for 36% of total operating expenses, decreased by 0.4% point while building expenses also showed slight decrease as a percentage of sales.

Depreciation and amortization expenses were HK$182 million, that is HK$52 million or 40.2% higher than the corresponding period last year. The significant increase was partly due to additional HK$30 million amortization charge attributable to the intangible assets in the U.S. acquired in the second half of last financial year. Both the Financial Accounting Standards Committee of the Hong Kong Society of Accountants and the International Accounting Standards Board are currently inviting comments on their proposed treatment of no amortization on intangible assets with indefinite useful lives. Depending on the timing of release of any revised standards in this regard, we will make appropriate adjustments in due course.

*Net Profit*

The effective tax rate was 40.3% for the reporting period, 1.2% points higher than the corresponding period last year. The increase in trademark amortization described above, as well as additional tax on acquired minority interest in Esprit International, has negatively impacted the Group's effective tax rate by approximately 3% for this period. Net profit rose 44.1% to HK$555 million and net profit margin improved from 8.3% to 9.2%.

*Liquidity and Financial Resources*

As at the balance sheet date, the Group's cash and cash equivalents were around HK$1.5 billion. In the past six months, the Group generated a positive operating cash flow of HK$866 million and ended the period with HK$682 million in net cash, an increase of HK$528 million over the balance as at June 30, 2002. Our debt to equity ratio, expressed as a percentage of interest bearing external borrowings over shareholders' funds, was 22.6%. The current ratio improved to 1.8:1 from 1.6:1 as at end of last financial year.

As previously reported, the Group has utilized an outstanding term loan of HK$780 million and revolving lines of credit to fund the Group's operating activities. As at the balance sheet date, total bank borrowings of HK$813 million were outstanding. The Group has assets of HK$48.8 million pledged as security for overdraft and short-term revolving facility.

To minimize our foreign exchange exposure, the Group entered into foreign exchange forward contracts with large and reputable financial institutions to reduce credit risk. As at December 31, 2002, outstanding contracts amounted to HK$476.5 million.

Capital expenditure aggregated to approximately HK$180 million for the past six months was used primarily for expansion of our directly-managed retail sales area. The Group will continue to fund its capital expenditures by internally generated cash flow. The planned HK$220 million for the remainder of this financial year will be spent mainly on expansion and upgrades of our existing distribution network and systems.

**China Associates**

Our China associates continue to outperform competitors and gain market share in the fast-growing China market achieving an increase of 70.6% year-on-year in net profit contribution to the Group for the first half of this financial year to HK$22 million. 27 new directly managed stores and 131 new shop-in-stores and franchised shops were opened in the past six months. Together with the existing stores, the China associates now have 140 directly-managed retail stores and over 560 franchised outlets in China. In light of the strong financial position of the associates, all shareholders loans, representing practically all the initial capital injection, have been fully repaid.

**Outlook**

Looking ahead into the second half of this financial year, we expect the growth momentum to continue notwithstanding the difficult global operating conditions particularly in Germany. Management is confident that Esprit will continue to deliver earnings growth for the tenth consecutive year and end the fiscal year with double-digit top and bottom line growth. Wholesale orders, which accounted for over half of the Group's turnover, showed double-digit year-on-year growth for bookings to May 2003. We believe our unique pricing and product strategy, coupled with tight control over our cost, should enable us to continue capturing market share and maintain respectable margins in a tough apparel market.

Our European growth momentum should continue as our growth in Europe in the past few years has not been premised on a general increase in consumer spending on all types of apparel. Market penetration through offering of trend-right products at good value, coupled with over 300 shops-in-store planned to be opened in the next fiscal year, should sustain our European wholesale growth. On the retail front, despite the weak global economy, we will continue to expand our retail network, adding stores in Germany, France, Belgium, The Netherlands and Austria with 15,000 square meters of additional retail store space already secured. There are also plans in the U.K. to realign resources and expand in the central London area.

The U.S. market offers great potentials for Esprit to expand. With our U.S. operations already profitable, we will continue to execute our low-risk wholesale strategy and expect US$50 to 60 million wholesale turnover from the U.S. in the next fiscal year. By the end of 2003, we should have over 300 points-of-sales in the U.S. through our wholesale partners. In addition, Esprit products will be offered through our licensees' vast distribution network in the U.S.

The Group has taken steps to improve the performance of the Asia and Canada retail division, emphasizing profitability rather than market share expansion. First, we focus on restoring the brand image by improving product quality and thus reducing the amount of discounting that has been prevalent in these markets. We will further refine our global brand identity, offering consistent style and quality worldwide. The potential earnings improvement from the implementation of these strategies should gradually surface as new shipments to Asia and Canada arrive in the next few months.

Management believes there is ample room for organic growth. In terms of geographical expansion, we have already started wholesale operations in Korea with over 15 point-of-sales while Japan may be a potential market in the longer term. Operationally, we will embark on more effective supply chain management, which will further improve our speed to react to market requirements and enhance profitability of merchandise. More emphasis will be placed on developing our global licensing business through expansion of licensed product categories as well as our licensees network. Furthermore, we will extend existing U.S. licenses to Canada. A re-launch of Red Earth is also planned in 2003. With our proven product quality, strong financial position and seasoned management team, we foresee sustainable long-term growth for our Company.

**Corporate Governance**

The Asset magazine ranked Esprit number 6 in Hong Kong for "Best in Corporate Governance", a poll which Esprit was ranked number 8 last year.

As our continued effort in enhancing corporate governance and strengthening our global management, Mr. Heinz Krogner was appointed as the Group CEO in November of 2002, thus separating the role of the Chairman from the Group CEO. Furthermore, we reinforced our board representation through the addition of Mr. Paul Cheng as an independent non-executive director, bringing the total number of independent non-executive directors to four. Alongside another newly appointed executive director, Mr. Thomas Grote, global head of wholesale, our board now has eleven directors with five of them being non-executive directors. With Mr. John C. Poon, our Group CFO and executive director, being awarded Director of the Year Award by the Hong Kong Institute of Directors ("HKIOD") in November 2002, our board currently has two HKIOD award-winning directors.

**Significant Events**

On December 2, 2002, Esprit Holdings Limited was officially admitted into the Hang Seng Index and became a blue chip company in Hong Kong. Esprit was also generally recognized as the best-performing stock among the Hong Kong blue chips in the calendar year 2002. Esprit's effort in improving corporate governance and communications with shareholders was well recognized with several awards given to Esprit in the past six months. We were chosen as one of Hong Kong's "Overall Best Managed Companies", one of the companies with "Overall Best Investor Relations", "Best Corporate Strategy", "Best Operational Efficiency" and "Best Communications with Shareholders/Investors" by Asiamoney magazine in December 2002. We were the only Hong Kong listed company amongst the thirty finalists worldwide and one of the ten finalists in Asia Pacific nominated by EIU (Economist Intelligence Unit), a subsidiary of The Economist group, for the "Global Corporate Achievement Awards 2002" in October last year.

**Human Resources**

As at December 31, 2002, the Group employed a total of 6,232 people (2001: 6,140). We offer competitive remuneration packages to our employees with bonuses and share options granted based on individual performance, experience and prevailing industry practices. About 31.8 million options were granted to a selected group of key personnel in November 2002.

**CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, March 25, 2003 to Friday, March 28, 2003, 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 not later than 4:00 p.m. on Monday, March 24, 2003.

**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, 2002 with management.

In addition, the Group's external auditors, PricewaterhouseCoopers, has performed an independent review of the interim financial report for the six months ended December 31, 2002 in accordance with Statements 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 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 12, 2003

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