



ESPRIT

2021 Interim Report

For Six Months Ended 30 June 2021

Esprit Holdings Limited

(Incorporated in Bermuda with Limited Liability)

Hong Kong Stock Code 00330

Corporate Information

Executive Directors

- Ms. CHIU Christin Su Yi
(Chairman)
(appointed as Acting Executive Chairman with effect from 1 January 2021 and re-designated as Chairman with effect from 30 August 2021)
- Mr. DALEY Mark David
(President and Chief Executive Officer)
- Dr. WAN Yung Ting
(Chief Product Development Officer)
- Mr. TSCHIRNER Marc Andreas
(Group Chief Operating Officer)
(resigned with effect from 8 January 2021)

Independent Non-executive Directors

- Mr. CHUNG Kwok Pan
- Mr. GILES William Nicholas
- Ms. LIU Hang-so
(appointed with effect from 8 January 2021)
- Mr. LO Kin Ching Joseph

Company Secretary

- Ms. LO Tik Man Ophelia

Principal bankers

- Hang Seng Bank Limited
- The Hongkong and Shanghai Banking Corporation Limited
- Deutsche Bank AG

Auditor

- PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal legal advisor

- Dechert

Principal share registrar

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong branch share registrar

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered office

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Hamilton HM 11
Bermuda

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Website

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Share listing

Listing on The Stock Exchange of Hong Kong Limited since 1993
Stock Code: 00330

Level 1 sponsored American Depository Receipt program since 2015
Symbol: ESPGY




Contents

Introduction	2
Management Discussion and Analysis	5
Financial Section	
Independent Review Report	11
Interim Financial Information	12
Notes to the Condensed Consolidated Interim Financial Information	17
Other Information	27
Glossary of Terms	35


Introduction




Throughout the first six months of 2021, the team at Esprit focused on putting the brand on a strategic path for global growth while ensuring the day-to-day operation of the business continues to improve steadily.




Today the Company shares its interim results, which will give a clear indication of the progress that is being made in what is an ever-changing market. At Esprit, a major cultural shift is underway, one that recognizes the duality of the task ahead. Balancing the unique global business opportunity the Company has with a firm belief in the relevance and appeal of its unrivalled asset - the Esprit brand.



The first half of the year was a period where the Company intensely focused on the selling culture, drove a deep operational analysis into the value creation process and laid firm infrastructural foundations on which the Company will begin to rebuild its global presence.




Esprit's Headquarters office in Hong Kong is now fully operational. Critical senior leaders with exceptional industry experience have joined the organization excited and motivated by the opportunities for expansion and growth with the Esprit brand. This new senior leadership group provides governance and accountability over the critical functional silos within the Company's value chain, each one is now led with both global experience and a new focused global remit for Esprit.



Growth opportunities have been developed within the business; focused two fold. Firstly, a laser tight grip on protecting, stabilizing and creating growth opportunities through expansion and operational efficiencies within the European operations. Secondly, exploring fast growth opportunities in the latent Asia Pacific and American marketplaces. The Company is in a truly unique position, a world class, instantly recognizable brand, a major and functional European business, and opportunities for growth in the Americas and Asia Pacific.

All of the Group's efforts are based on looking forward; working closer with its partners and ensuring its customers are at the center of all that the Company does. The management team remains inspired, encouraged and constantly motivated by the dedication and effort of the Esprit team members. The results included in this interim report are testament to the Company's collective efforts, and a reflection that with the correct infrastructure and strategic management, Esprit is very well positioned to once again become the market leader it deserves to be.





EVERYTHING'S GONNA BE ALRIGHT

LOVESPRIT

Management Discussion and Analysis

The COVID-19 pandemic (the “Pandemic”) continued to generate unparalleled disruption and constraints within the Company’s markets throughout the six months ended 30 June 2021 (the “Period”). For the majority of the Period, many Esprit stores were shuttered due to government enforced restrictions. Stores that were able to open were operating while observing stringent social distancing controls and limitations on the amount of customers allowed in-store. These restrictions critically constrained consumer experience, which when combined with vastly reduced foot traffic density across the global markets, meant for deeply disrupted trading conditions.

The efforts and effect of the global vaccination programs has been felt in recent months, creating more favorable operating conditions consequentially seeing the performance of Esprit retail locations slowly improving. All of the Company’s European stores were able to open in early June 2021, though many still operate under restrictive measures.

Throughout the Period, the Group was tested rigorously – this being the first season of operations since the emergence from the German Protective Shield Proceedings (the “PSP”). It has been an unprecedented and unique blend of disruptions to the Company’s business operations, channels, markets and revenue streams.

The first half of 2021 was navigated well by the leadership team, now headquartered in Hong Kong, who needed to settle the Company, take the reins of a reshaped and restructured organization and to steer the business through disrupted markets. The team at Esprit managed admirably with daily processes and began to shape and build initiatives for future growth.

Despite the challenging conditions cited above, the Company is pleased to inform shareholders and stakeholders that it is beginning to show early signs of success, and to share positive initiatives such as:

- 1) stringent cost control and cost cutting through corporate re-structuring and related measures;
- 2) closing unprofitable stores and outlets;
- 3) termination of product lines with low gross profit margin;
- 4) re-establishing and improving the Esprit brand image and regaining loyalties from both long time as well as new customers;
- 5) revamping the Company’s e-sales platform to be more attractive and user-friendly; and
- 6) demonstrating the Company’s commitment to be a socially responsible corporate citizen in areas such as the environment and sustainability.

The above measures resulted in the Company being marginally profitable during the Period. The financial results, discussed in greater detail below, demonstrate that with bold action, agility and hard work, the Company was able to stem the long period of consistent losses and can now begin to look forward to a brighter and more successful future.

The Company is sitting on a firm financial footing with a healthier balance sheet, a strong and dynamic leadership team, a strategic plan for growth and a committed and dedicated global team. These elements, when brought together and managed with focus and ambition, form a solid platform on which to build forward.

BUSINESS OVERVIEW

During the Period, the Group recorded an unaudited profit attributable to the shareholders of the Company of HK\$121 million, as compared to the unaudited loss attributable to the shareholders of the Company of HK\$3,661 million for the six months ended 30 June 2020 (the "Corresponding Period").

The anticipated turnaround from loss to profit for the first time since the annual results for the year ended 30 June 2017 is mainly attributable to:

- 1) the significant reduction of negative impact on exceptional items which included write-downs of inventories, impairment loss on right-of-use assets, trademarks, goodwill and property, plant and equipment during the Period. The sum of the above exceptional items for the Corresponding Period was HK\$1,877 million;
- 2) the positive results from the implementation of cost control measures by the Group;
- 3) the improvement in sales resulted from the e-commerce channel, with a higher gross profit margin, for the Period as compared with the Corresponding Period; and
- 4) the increase in other income, which mainly included exchange gain of HK\$87 million for the Period.

The aforementioned will be discussed in more detail in other parts of this section.

REVENUE ANALYSIS

The Group is principally engaged in the retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally renowned Esprit brand name, with the Group's commitment to make consumers "feel good to look good". The Group primarily operates in Europe, the Americas, and Asia Pacific through 4 main channels: Global Digital Commerce, Wholesale, and Owned Retail Stores and Licensing. Each channel accounted for the Group's revenue in the ratio of 51:33:15:1 respectively during the Period.

During the Period, the Group's revenue was HK\$3,872 million being marginally down 5.8%, from the Corresponding Period. The reduction primarily resulted from lower revenue in Europe, (approximately 14.4%) due to stringent operating restrictions described above, as well as the Company's temporary exit from Asia Pacific and low performance store closures. The reductions were tempered by stronger performance from the Company's digital operations, which recorded an increase of 17.3%. During the Period, the Esprit website and third party e-commerce partners continued to trade during lockdown where a large portion of the Company's sales were generated online. This business model allowed the Company to mitigate some negative impacts of the Pandemic in the retail segment.

GROSS PROFIT MARGIN

During the Period, gross profit margin was 46.9%, significantly higher than the corresponding figures of 36.0% in 2020. The margin for the Corresponding Period was a particularly depressed figure due to overstocks from the start of the Pandemic. The Group is committed to continuously enhance future margins of the Group's products through sourcing efficiencies and a focus on improvements to the full price/off price mix through better planning, stronger marketing and by being more customer-centric ensuring a richer, more relevant product proposition.

OPERATION EXPENSES

Regular operating expenses for the Period were HK\$1,906 million which is approximately 24% lower than the Corresponding Period. Total operational expenses (which is the sum of regular operating expenses and non-regular operational expenses* minus non-regular operational income) was HK\$1,651 million. The management continues its effort on cost control in line with corporate strategic planning, taking into account industry benchmarking of costs of goods sold as well as ambitions to deliver global growth.

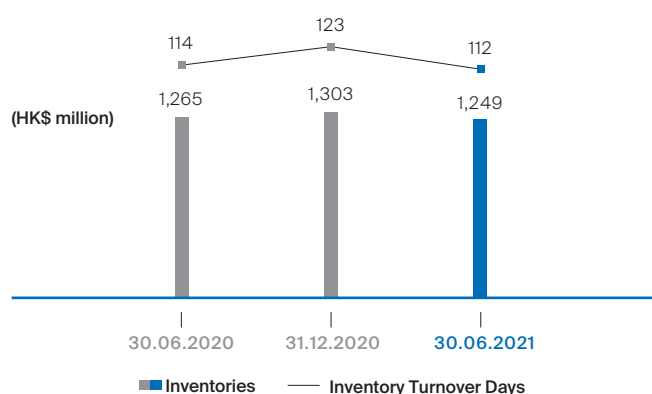
* non-regular operational income and expenses include impairment charges, (write-back)/write-down of inventories to net realizable value, provision for impairment of trade debtors, net exchange (gains)/losses, and (write-back of)/additional provision for restructuring

WORKING CAPITAL MANAGEMENT

Inventories

The inventory balance as at 30 June 2021 amounted to approximately HK\$1,249 million (31 December 2020: HK\$1,303 million). On a year-on-year basis (as compared to the corresponding figure as at 30 June 2020) the inventories are reduced by 1.2%. Days inventory outstanding reached 112 days as at 30 June 2021, which is a notable improvement compared to the days inventory of 123 days as at 31 December 2020.

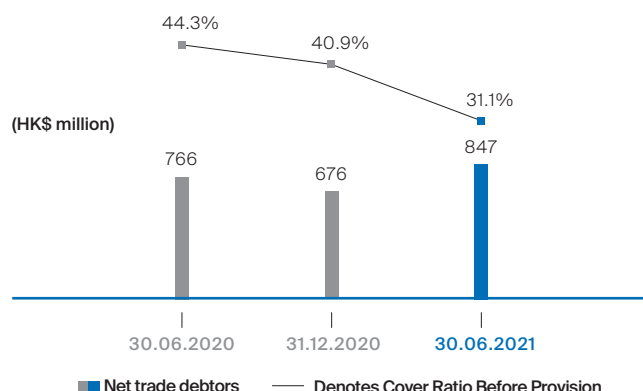
Inventories



Net Trade Debtors

Net trade debtors amounted to HK\$847 million (31 December 2020: HK\$676 million) which is an increase by 25.3%. This development is due to improvement to the business in comparison to the comparative period from July to December 2020. Provisions for impairment of trade debtors amounted to HK\$33 million. The Cover Ratio Before Provision of insured and guaranteed debtors' position is 31.1% (31 December 2020: 40.9%).

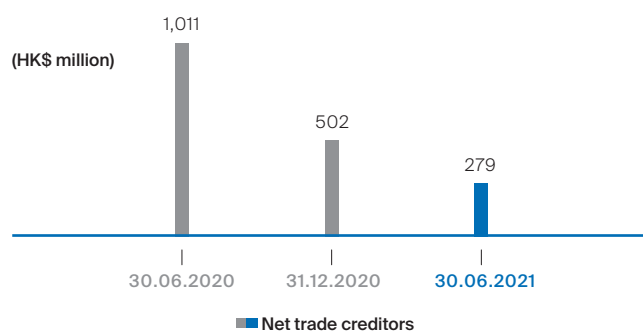
Net trade debtors



Net Trade Creditors

Net trade creditors amounted to HK\$279 million (31 December 2020: HK\$502 million), which is a decrease of 44.4%. This development is due partly to seasonal factors of the Company's business, the improvement of the overall financial situation and a significant decrease in operational costs.

Net trade creditors



LIQUIDITY AND FINANCIAL RESOURCES ANALYSIS

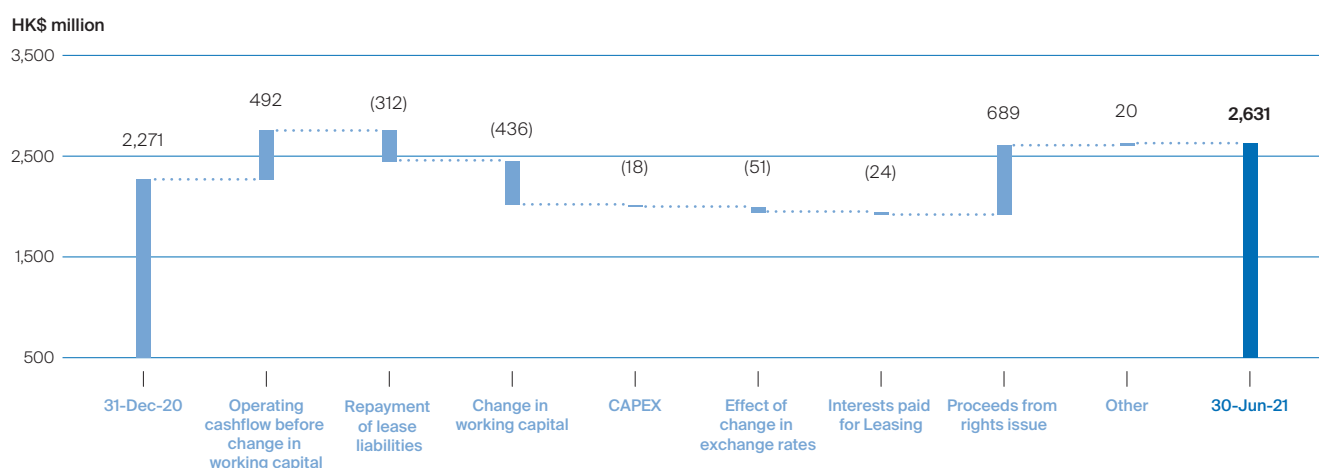
Net Cash

As at 30 June 2021, the Group remained essentially debt free with total outstanding of approximately HK\$8 million loan, while cash, bank balances and cash equivalents were totaling HK\$2,631 million (31 December 2020: HK\$2,271 million), representing a net cash increase of approximately HK\$360 million.

The cash position was mainly affected by following items:

- 1) Good operating business performance resulted in a gross cash inflow of HK\$492 million before working capital changes.

- 2) Repayment of leasing liabilities of HK\$312 million and interest charges for leasing payables of HK\$24 million resulted in cash outflow of HK\$336 million.
- 3) Decrease in cash position by HK\$505 million resulted from changes in working capital of HK\$436 million, exchange rate effects of approximately HK\$51 million, and capital expenditures of HK\$18 million.
- 4) Proceeds from the rights issue have increased the cash balance by HK\$689 million to HK\$2,631 million.



Foreign Exchange Risk

The Group operates internationally and is exposed to Foreign Exchange risks primarily in relation to the Euro and US Dollar valuations.

To minimize the Group's foreign exchange exposure on costs for merchandise produced for export in Asia, the supplier base have been instructed to quote and benchmark in US Dollar. In addition, prior to the PSP, the Group Treasury manages the forex risk arising from future commercial transactions by entering into forward foreign exchange contracts with reputable financial institutions, hedging and mitigating any forex risk. While such practices were stopped as a result of the PSP, the Company is looking towards a restoration of these practices and is in close contact with its banking partners.

Treasury Policy

Group Treasury's core task is to ensure the Group's solvency by managing its liquidity and banking relationship. Excess liquidity is managed by utilizing short-term banking arrangements. As the company is still recovering from the PSP where all funding lines have been cancelled by the

banks, there are currently no funding lines available. Various options are being carefully evaluated in order to cover future needs, although facilities for issuance of guarantees have been successfully re-established.

Human Resources

As at 30 June 2021, the Group employed approximately 2,200 full time equivalent staff ("FTE") (30 June 2020: over 3,400 FTE). Competitive remuneration packages that consider business performance, market practices and competitive market conditions are offered to employees in compensation for their contribution. All employees of the Group around the world are connected through the Group's global intranet.

INTERIM DIVIDEND

As the Group recorded losses for extensive periods in the Group's recent past and only a marginal profit for the six months ended 30 June 2021, the Board has resolved not to declare an interim dividend for the Period. The Board will constantly monitor and review the situation in the coming future.

RIGHTS ISSUE

On 27 January 2021, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK\$0.75 per rights share to raise not less than HK\$707.7 million before expenses by way of issuing not less than 943,605,781 rights shares ("Rights Issue"). Details of the Rights Issue is mentioned in the announcements of the Company dated 27 January 2021 and 2 March 2021 and the prospectus of the Company dated 26 March 2021 (the "Prospectus").

The Rights Issue was over-subscribed and completed on 20 April 2021. The issued share capital of the Company was increased from 1,887,211,562 Shares to 2,830,817,343 Shares. The net proceeds of the Rights Issue, after deducting related expenses, was HK\$689 million.

The details of the intended use of net proceeds as stated in the Prospectus, the actual use of net proceeds up to 30 June 2021 and the remaining balance of unutilized net proceeds are as follows:

	Intended use of net proceeds as stated in the Prospectus	Actual use of net proceeds up to 30 June 2021	Remaining balance of unutilized net proceeds
	HK\$ million	HK\$ million	HK\$ million
(i) Information technology and transformation expenses:			
(a) Systems upgrade and data migration	70	4	66
(b) Development of new internal information technology resources	45	1	44
(c) Development of new overarching e-commerce sales channel	185	20	165
(ii) Administrative and other expenses:			
(a) Rental expenses	110	110	-
(b) Marketing and logistics expenses	90	90	-
(c) Utilities and maintenances expenses	19	19	-
(d) Salaries and remuneration	150	150	-
(e) Legal and professional expenses	20	20	-
Total	689	414	275

The remaining balance of unutilized net proceeds will be applied in accordance with the intended uses and is expected to be utilized as disclosed in the Prospectus.

OUTLOOK

The Company is moving in the right direction. One of growth, one of strategic focus, and one of a common global cultured focus on the reemergence of the amazing Esprit brand.

Clearly the world, and in particular, consumer brands, have been and will continue to be affected by the Pandemic. However, this will not hold the Company back from the journey that began at the beginning of 2021 to reinvigorate the Esprit brand and reenergize the business. The brand and business are growing, and the Company remains cautiously optimistic about the months ahead. While external factors may affect business which are largely out of the Company's control, staying focused, integrated, connected and agile allows the Group to react and flex according to the conditions the Company will need to face. Keeping a balance between what the business needs today, and what the Esprit brand needs for future growth and development is of paramount importance.

Esprit is a unique and special brand. The Company continues to dig deeply into its roots and build towards a bright and successful future. Over the next six months many developments will take place. Several notable ones are:

- the rollout of a redefined brand identity including Esprit's purpose, values and behaviors
- the execution of a new Customer Relationship Management system

- the launch of a website and digital commerce platform in America
- preparing for the launch of Asia based commercial websites
- testing new in-store concepts and technologies
- Esprit's first fast-to-market product capsules
- numerous enhancements in Esprit's digital look and feel, as well as trading ability for the European website

All these, while the team at Esprit are focused on improving processes, are holding operating costs to a minimum and targeting global growth opportunities. The new leadership team is building a consumer centric culture with an entrepreneurial spirit. This combined with the improvements to Esprit products, marketing, digital content and more, aims to put Esprit back on track to grow and regain pinnacle market position.

The Group is confident that the Company is laying a foundation for profitable global growth. During the remainder of 2021, much of the needed foundational work will be completed and much of the Company's attention will be centered on acquiring and retaining customers and gaining market share.

Financial Section

INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ESPRIT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 12 to 26, which comprises the interim condensed consolidated balance sheet of Esprit Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2021 and the related interim condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

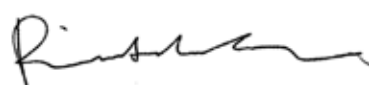
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Material Uncertainty Relating to Going Concern

We draw your attention to note 1.2 to these condensed consolidated interim financial information, which states that the Group recorded a net profit attributable to shareholders of HK\$121 million, and a net cash outflow of HK\$278 million prior to the rights issue proceeds of HK\$689 million for the six months ended 30 June 2021. For the previous two six months periods for the six months ended 31 December 2020 and 30 June 2020, the Group recorded a net loss attributable to shareholders of HK\$414 million and HK\$3,661 million respectively and net cash outflow of HK\$131 million and HK\$422 million respectively due to the adverse impact caused by the COVID-19 pandemic (the “Pandemic”). While the Group’s results have experienced signs of recovery from the Pandemic, further worsening of the Pandemic in the markets in which the Group operates resulting in lockdowns and deteriorating consumer spending behaviour will negatively impact the Group’s business. Consequently, the Group’s ability to continue as a going concern is dependent on the Group’s adjustment of strategies to mitigate the further impact of the Pandemic, the continued successful outcomes of the Group’s monitoring of its cost base and cost optimization measures and the Group’s strategic plan. These events or conditions, along with other matters as set forth in note 1.2 to these condensed consolidated interim financial information, indicate the existence of a material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2021

INTERIM FINANCIAL INFORMATION

The Board of Directors (the “Board”) of Esprit Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information, along with selected explanatory notes, of the Company and its subsidiaries (the “Group” or “Esprit”) for the six months ended 30 June 2021 as follows:

Condensed Consolidated Statement of Profit or Loss

HK\$ million	Notes	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Revenue	2	3,872	4,111
Cost of purchases		(2,057)	(2,633)
Gross profit		1,815	1,478
Staff costs		(539)	(742)
Occupancy costs		(143)	(156)
Logistics expenses		(276)	(280)
Marketing and advertizing expenses		(220)	(223)
Depreciation of property, plant and equipment	11	(69)	(188)
Depreciation of right-of-use assets	10	(243)	(447)
Impairment loss on property, plant and equipment	11	-	(216)
Write-back/(write-down) of inventories to net realizable value, net		82	(329)
Provision for impairment of trade debtors, net	13	(33)	(49)
Impairment loss on right-of-use assets	10	(16)	(908)
Impairment loss on trademarks	9	-	(397)
Impairment loss on goodwill	9	-	(19)
Other operating costs		(194)	(643)
Operating profit/(loss) (EBIT/(LBIT))	3	164	(3,119)
Interest income	4	1	9
Finance costs	5	(27)	(49)
Profit/(loss) before taxation		138	(3,159)
Income tax expense	6	(17)	(502)
Profit/(loss) attributable to shareholders of the Company		121	(3,661)
Profit/(loss) per share			
- Basic and diluted	8	HK\$0.05	HK\$(1.79)

The notes on pages 17 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Profit/(loss) attributable to shareholders of the Company	121	(3,661)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Remeasurements of retirement defined benefit obligations, net of tax	-	3
Item that may be reclassified subsequently to profit or loss:		
Exchange translation	(85)	83
Total comprehensive income for the period attributable to shareholders of the Company, net of tax	36	(3,575)

The notes on pages 17 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

HK\$ million	Notes	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Non-current assets			
Intangible assets	9	1,826	1,878
Property, plant and equipment	11	424	509
Right-of-use assets	10	2,166	2,262
Financial assets at fair value through profit or loss		2	11
Debtors, deposits and prepayments		499	392
Deferred tax assets		36	51
		4,953	5,103
Current assets			
Inventories	12	1,249	1,303
Debtors, deposits and prepayments	13	1,599	1,627
Tax receivable		37	45
Cash, bank balances and deposits	14	2,631	2,271
		5,516	5,246
TOTAL ASSETS		10,469	10,349
Current liabilities			
Creditors and accrued charges	15	1,794	2,074
Lease liabilities	18	679	1,046
Provisions	16	143	246
Tax payable		249	257
		2,865	3,623
Net current assets		2,651	1,623
Total assets less current liabilities		7,604	6,726
Equity			
Share capital	19	283	189
Reserves		4,676	4,050
		4,959	4,239
Non-current liabilities			
Bank loans	17	8	9
Lease liabilities	18	2,178	2,010
Retirement defined benefit obligations		30	31
Deferred tax liabilities		429	437
		2,645	2,487
TOTAL LIABILITIES		5,510	6,110
TOTAL EQUITY AND LIABILITIES		10,469	10,349

The notes on pages 17 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Cash flows from operating activities		
Cash generated from operations	56	276
Interest on lease liabilities paid	(24)	(44)
Interest on finance lease received	-	1
Overseas tax refunded/(paid), net	6	(41)
Interest relating to overseas tax refund	-	1
Net cash generated from operating activities	38	193
Cash flows from investing activities		
Purchase of intangible assets, property, plant and equipment	(18)	(52)
Proceeds from disposal of property, plant and equipment	3	20
Proceeds from disposal of club debenture	4	-
Receipts of finance lease receivables	1	16
Interest received	1	7
Net decrease in bank deposits with maturities of more than three months	-	31
Net cash (used in)/generated from investing activities	(9)	22
Cash flows from financing activities		
Net proceeds from rights issue	689	-
Repayment of lease liabilities	(312)	(645)
Proceeds from bank loans	-	8
Proceeds from disposal of shares held for share award scheme	6	-
Interest paid	(1)	-
Net cash generated from/(used in) financing activities	382	(637)
Net increase/(decrease) in cash and cash equivalents	411	(422)
Cash and cash equivalents at beginning of period	2,270	2,651
Effect of change in exchange rates	(51)	2
Cash and cash equivalents at end of period	2,630	2,231
Analysis of balances of cash and cash equivalents		
Bank balances and cash	2,630	2,156
Bank deposits	1	132
Cash, bank balances and deposits	2,631	2,288
Less: bank deposits with maturities of more than three months	(1)	(57)
	2,630	2,231

The total cash outflow for leases amounted to HK\$336 million (2020: HK\$689 million) and the total cash inflow from finance sub-leases amounted to HK\$1 million (2020: HK\$17 million).

The notes on pages 17 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

Unaudited for the six months ended 30 June 2021										
HK\$ million	Share capital	Share premium	Shares held for Share Award Scheme	Employee share-based payment reserve	Remeasurements of retirement defined benefit obligations	Contributed surplus	Translation reserve	Capital reserve	Accumulated losses	Total
At 31 December 2020	189	7,988	(39)	913	(7)	7	881	1	(5,694)	4,239
Exchange translation	-	-	-	-	-	-	(85)	-	-	(85)
Profit attributable to shareholders of the Company	-	-	-	-	-	-	-	-	121	121
Total comprehensive income, net of tax	-	-	-	-	-	-	(85)	-	121	36
Transactions with owners										
Issue of rights shares	94	595	-	-	-	-	-	-	-	689
Employee share-based compensation benefits	-	-	-	(11)	-	-	-	-	-	(11)
Disposal of shares held for Share Award Scheme (note)	-	-	39	-	-	-	-	-	(33)	6
Total transactions with owners	94	595	39	(11)	-	-	-	-	(33)	684
At 30 June 2021	283	8,583	-	902	(7)	7	796	1	(5,606)	4,959

Note: During the six months ended 30 June 2021, the Board resolved to terminate the Share Award Scheme on 23 April 2021. A total of 7,818,589 shares of the Company were sold by the trustee. The net proceeds from disposal of shares held for Share Award Scheme was HK\$6 million. HK\$33 million was made from share held for Share Award Scheme to accumulated losses in respect of the shares whose selling prices were lower than the costs.

Unaudited for the six months ended 30 June 2020										
HK\$ million	Share capital	Share premium	Shares held for Share Award Scheme	Employee share-based payment reserve	Remeasurements of retirement defined benefit obligations	Contributed surplus	Translation reserve	Capital reserve	Accumulated losses	Total
At 31 December 2019	189	7,988	(39)	905	(8)	7	(1,084)	1	(1,619)	6,340
Exchange translation	-	-	-	-	-	-	83	-	-	83
Remeasurement of retirement defined benefit obligations	-	-	-	-	3	-	-	-	-	3
Loss attributable to shareholders of the Company	-	-	-	-	-	-	-	-	(3,661)	(3,661)
Total comprehensive income, net of tax	-	-	-	-	3	-	83	-	(3,661)	(3,575)
Transactions with owners										
Employee share-based compensation benefits	-	-	-	5	-	-	-	-	-	5
Total transactions with owners	-	-	-	5	-	-	-	-	-	5
At 30 June 2020	189	7,988	(39)	910	(5)	7	(1,001)	1	(5,280)	2,770

The notes on pages 17 to 26 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("interim financial information") on pages 12 to 26 for the six months ended 30 June 2021 have been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the six months ended 31 December 2020. The reporting period end date of the Group changed from 30 June to 31 December in order to align its financial year end date with that of other global fashion brands and companies and to symbolize a new beginning of the Company, subsequent to the termination of the Protective Shield Proceedings of its six major operating subsidiaries in Germany.

1.1 Use of judgement and estimates

While preparing the interim financial information, the management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

1.2 Going concern

The Group recorded a net profit attributable to shareholders of HK\$121 million, and a net cash outflow of HK\$278 million prior to the rights issue proceeds of HK\$689 million for the six months ended 30 June 2021. For the previous two six months periods for the six months ended 31 December 2020 and 30 June 2020, the Group recorded a net loss attributable to shareholders of HK\$414 million and HK\$3,661 million respectively and net cash outflow of HK\$131 million and HK\$422 million respectively due to the adverse impact caused by the COVID-19 pandemic (the "Pandemic").

The Pandemic brought significant estimation uncertainty over future performance in the Group's business in particular given the speed of recovery is uncertain particularly with the emergence and rising infection caused by new variants of the virus and the impact to consumer behaviour in the short and longer term. The uncertainties especially in regard to potentially new variants of the COVID-19 virus and eventually resulting new lockdown scenarios or other isolation measures which could be imposed by governments in major markets where the Group operates. Strict lockdown measures (including those impacting retail stores) for extended periods may negatively affect the financial condition of the Group. These circumstances and uncertainties may cast a significant doubt over the Group's ability to continue as a going concern.

1. BASIS OF PREPARATION (CONTINUED)

1.2 Going concern (continued)

In view of such circumstances and the uncertainties relating to the possible impact of the Pandemic, the Board has reviewed the Group's cash flow forecast prepared by management covering a period of twelve months from 30 June 2021 and have modelled a number of scenarios. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2021, after taking into consideration of the following plans and measures:

- (i) the Group remains cautious and management is closely monitoring the latest developments of the Pandemic, including further potential lockdown measures. In such eventuality, the Group will reassess the impact of the Pandemic on the Group's operations and adjust its strategies for the Group's business accordingly in order to generate sufficient cash from its operations and to further preserve cash levels;
- (ii) the Group will continue with the strict monitoring of the cost base of the business and further drive cost optimization including active store portfolio management; and
- (iii) the Group will continue to work on its strategic plan ("Strategic Plan") to strengthen Esprit's brand identity worldwide and improve product offering and pricing to enhance the Group's profitability.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following: (i) the Group's ability to successfully adjust its strategies for the business to mitigate the implications of further lockdown measures in the major markets that the Group operates in, in order to generate sufficient cash from its operations and to further preserve cash levels; (ii) the successful implementation of the Group's costs optimization and reduction measures and (iii) the successful implementation of Group's Strategic Plan.

Should the Group be unable to achieve the abovementioned plans and measures and operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim financial information.

1.3 Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Only market observable parameter.

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

1.4 New and amended standards and interpretations adopted by the Group

In the current period, the Group has adopted the following IAS and International Financial Reporting Standards ("IFRS") effective for the Group's financial year beginning 1 January 2021:

Adopted	Effective date	New standards or amendments
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 (Amendments)	1 January 2021	Interest Rate Benchmark Reform (Phase 2)
IFRS 4 (Amendments)	1 January 2021	Insurance Contracts deferral IFRS 9

1. BASIS OF PREPARATION (CONTINUED)

1.5 New standards and interpretations not yet adopted

Not early adopted	Effective for accounting periods beginning on or after	New standards or amendments
IFRS 16 (Amendments)	1 April 2021	COVID-19-Related Rent Concessions
IAS 37 (Amendments)	1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020	1 January 2022	Annual Improvements
IAS 16 (Amendments)	1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use
IFRS 3 (Amendments)	1 January 2022	Reference to the Conceptual Framework
IAS 1 (Amendments)	1 January 2023	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
IFRS 17 (Amendments)	1 January 2023	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
IAS 8 (Amendments)	1 January 2023	Definition of Accounting Estimates
IAS 12 (Amendments)	1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 10, IAS 28 (Amendments)	A date to be determined by IASB	Sales or Contributions of Assets between an Investor and its Associate/ Joint Venture

The accounting standards and interpretations above have been published but are not mandatory for the six months period ended 30 June 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in retail and wholesale distribution and licensing of quality fashion and non-apparel products designed under its own internationally-known Esprit brand name in Europe, Asia Pacific, America and via e-shop platforms.

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for assessing performance and allocating resources for the reporting segments has been identified as the Executive Directors of the Group. The Group has undergone transformation and reorganised their management and reporting. The operating segments Germany and Rest of Europe including America as reported previously have been aggregated to the segment Europe from 1 January 2021 onwards.

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Revenue from external customers		
Europe	1,859	2,199
Asia Pacific	-	191
e-shop	1,967	1,678
Licensing and others	46	43
Total	3,872	4,111

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Unaudited for the six months ended
30 June 2021

HK\$ million	Europe	Asia Pacific	e-shop	Corporate services, sourcing, licensing and others	Group
Total revenue					
Retail	574	-	1,967	-	2,541
Wholesale	1,285	-	-	-	1,285
Licensing and others	-	-	-	1,700	1,700
Total	1,859	-	1,967	1,700	5,526
Inter-segment revenue	-	-	-	(1,654)	(1,654)
Revenue from external customers					
Retail	574	-	1,967	-	2,541
Wholesale	1,285	-	-	-	1,285
Licensing and others	-	-	-	46	46
Total	1,859	-	1,967	46	3,872
Segment results					
Retail	(215)	-	375	-	160
Wholesale	105	-	-	-	105
Licensing and others	-	-	-	(101)	(101)
(LBIT)/EBIT of the Group	(110)	-	375	(101)	164
Interest income					1
Finance costs					(27)
Profit before taxation					138
Depreciation ¹					
Retail	200	-	38	-	238
Wholesale	12	-	-	-	12
Licensing and others	-	-	-	62	62
Total	212	-	38	62	312
Impairment loss ²					
Retail	16	-	-	-	16
Total	16	-	-	-	16
Capital expenditure ³					
Retail	2	-	11	-	13
Wholesale	1	-	-	-	1
Licensing and others	-	-	-	4	4
Total	3	-	11	4	18

- 1) Depreciation includes depreciation of property, plant and equipment and right-of-use assets.
2) Impairment loss includes impairment loss on right-of-use assets.
3) Capital expenditure includes property, plant and equipment and intangible assets

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Unaudited for the six months ended
30 June 2020

HK\$ million	Europe	Asia Pacific	e-shop	Corporate services, sourcing, licensing and others	Group
Total revenue					
Retail	953	167	1,678	-	2,798
Wholesale	1,246	24	-	-	1,270
Licensing and others	-	-	-	1,791	1,791
Total	2,199	191	1,678	1,791	5,859
Inter-segment revenue	-	-	-	(1,748)	(1,748)
Revenue from external customers					
Retail	953	167	1,678	-	2,798
Wholesale	1,246	24	-	-	1,270
Licensing and others	-	-	-	43	43
Total	2,199	191	1,678	43	4,111
Segment results					
Retail	(1,640)	76	30	(4)	(1,538)
Wholesale	29	10	-	(11)	28
Licensing and others	-	-	-	(1,609)	(1,609)
(LBIT)/EBIT of the Group	(1,611)	86	30	(1,624)	(3,119)
Interest income					9
Finance costs					(49)
Loss before taxation					(3,159)
Depreciation ¹					
Retail	349	39	35	-	423
Wholesale	23	-	-	-	23
Licensing and others	-	-	-	189	189
Total	372	39	35	189	635
Impairment loss ²					
Retail	1,096	-	2	-	1,098
Wholesale	3	-	-	-	3
Licensing and others	-	-	-	23	23
Total	1,099	-	2	23	1,124
Impairment loss on trademarks					
Licensing and others	-	-	-	397	397
Impairment loss on goodwill					
Licensing and others	-	-	-	19	19
Capital expenditure ³					
Retail	14	-	26	-	40
Wholesale	1	-	-	-	1
Licensing and others	1	-	-	10	11
Total	16	-	26	10	52

1) Depreciation includes depreciation of property, plant and equipment and right-of-use assets.

2) Impairment loss includes impairments loss on property, plant and equipment and right-of-use assets.

3) Capital expenditure includes property, plant and equipment and intangible assets

3. OPERATING PROFIT/(LOSS) (EBIT/(LBIT))

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
This is stated after charging and (crediting) the following:		
Staff costs	539	742
Occupancy costs	143	156
Logistics expenses	276	280
Marketing and advertizing expenses	220	223
Depreciation of property, plant and equipment (Note 11)	69	188
Depreciation of right-of-use assets (Note 10)	243	447
Impairment loss on property, plant and equipment (Note 11)	-	216
(Write-back)/write-down of inventories to net realizable value, net	(82)	329
Provision for impairment of trade debtors, net	33	49
Impairment loss on right-of-use assets (Note 10)	16	908
Impairment loss on trademarks	-	397
Impairment loss on goodwill	-	19
(Write-back of)/addition provision for restructuring	(77)	146
Net exchange (gains)/losses	(87)	116
IT expenses	163	196
Legal and professional fees	70	111
Samples	22	17
Postage and distribution	16	20
Repair and maintenance	14	13
Insurance	11	19
Travelling expenses	10	16
Loss/(gain) on disposal of property, plant and equipment	5	(1)

4. INTEREST INCOME

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Interest from bank deposits	1	5
Imputed interest on finance lease receivables	-	1
Others	-	3
Total interest income	1	9

5. FINANCE COSTS

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Interest on lease liabilities	24	44
Imputed interest on financial assets and financial liabilities	1	5
Others	2	-
Total finance costs	27	49

6. TAXATION

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Current tax		
Hong Kong profits tax		
Provision for current period	-	-
Overseas taxation		
Provision for current period	18	67
(Over-provision)/Under-provision for prior years	(16)	1
	2	68
Deferred tax		
Current period net charge	15	434
Total income tax expenses	17	502

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profit for the period, net of tax losses carried forward, if applicable.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

7. INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

8. PROFIT/(LOSS) PER SHARE

Basic

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period less shares held for Share Award Scheme.

	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
		(Adjusted)
Profit/(loss) attributable to shareholders of the Company (HK\$ million)	121	(3,661)
Number of ordinary shares in issue at 1 January (million)	1,887	1,887
Adjustment for issue of rights shares (million)	478	171
Adjustment for shares held for Share Award Scheme (million)	(7)	(8)
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (million)	2,358	2,050
Basic profit/(loss) per share (HK\$ per share)	0.05	(1.79)

Diluted

Diluted profit/(loss) per share is calculated based on dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period (less shares held for Share Award Scheme) adjusted by the dilutive effect of share options and awarded shares.

	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
		(Adjusted)
Profit/(loss) attributable to shareholders of the Company (HK\$ million)	121	(3,661)
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (million)	2,358	2,050
Adjustments for share options and awarded shares (million)	-	-
Weighted average number of ordinary shares for diluted earnings per share (million)	2,358	2,050
Diluted profit/(loss) per share (HK\$ per share)	0.05	(1.79)

Diluted profit/(loss) per share for the six months ended 30 June 2021 was the same as the basic profit/(loss) per share since the share options and awarded shares had anti-dilutive effect.

9. INTANGIBLE ASSETS

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	1,878	2,039
Exchange translation	(59)	(7)
Additions	10	25
Impairment charge	-	(416)
Amortization	(3)	-
Balance at end of the period	1,826	1,641

10. RIGHT-OF-USE ASSETS

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	2,262	3,882
Exchange translation	(75)	(32)
Additions	356	290
Remeasurement	(118)	(579)
Depreciation	(243)	(447)
Impairment charge	(16)	(908)
Balance at end of the period	2,166	2,206

The Group completed an impairment test in accordance with IAS 36 "Impairment of Assets" for its right-of-use assets by comparing the recoverable amount of the CGU (each store) to its carrying amount as at 30 June 2021. The impairment loss attributable to the individual CGUs was allocated to the assets in the CGU on a pro rata basis based on the carrying amount of each asset in the CGU but only to the highest of its fair value less cost of disposal or value in use. Total impairment loss recognized for the period amounted to HK\$16 million (2020: HK\$908 million). The recoverable amount for the impaired stores amounted to HK\$237 million. The value is based on the fair value less cost of disposal. The value was assessed by discounting asset-specific market rents for remaining contracts duration. Market rent and incremental borrowing rate are estimated on external sources or latest contracts in place. Therefore, in calculating fair value less cost of disposal, level 2 and level 3 inputs were applied.

11. PROPERTY, PLANT AND EQUIPMENT

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	509	929
Exchange translation	(16)	(3)
Additions	8	27
Disposals	(8)	(19)
Depreciation	(69)	(188)
Impairment charge	-	(216)
Balance at end of the period	424	530

12. INVENTORIES

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Finished goods	1,228	1,280
Consumables	21	23
Inventories total	1,249	1,303

13. CURRENT DEBTORS, DEPOSITS AND PREPAYMENTS

Current debtors, deposits and prepayments consist of the following financial and non-financial positions:

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Trade debtors	1,056	930
less: provision for impairment of trade debtors	(209)	(254)
Net trade debtors	847	676
Finance lease receivables	13	11
Deposits	8	9
Financial instruments	868	696
Prepayments	305	609
Right-of-return assets	97	93
Other debtors and receivables	329	229
Non-financial instruments	731	931
Total	1,599	1,627

The aging analysis by invoice date of trade debtors net of provision for impairment is as follows:

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
0-30 days	653	379
31-60 days	80	126
61-90 days	64	61
Over 90 days	50	110
Total	847	676

The Group's sales to retail customers are made in cash, bank transfer or by credit card. The Group also grants credit period, which is usually 30 to 60 days to certain wholesale and franchise customers.

Movements in provision for impairment of trade debtors are as follows:

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	254	174
Utilization	(70)	(9)
Release	(13)	(1)
Addition	46	50
Exchange translation	(8)	(1)
Balance at end of the period	209	213

14. CASH, BANK BALANCES AND DEPOSITS

Cash, bank balances and deposits include the following for the purposes of the condensed consolidated statement of cash flows:

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Bank balances and cash	2,630	2,175
Bank deposits with maturities within three months	-	95
Bank deposits with maturities of more than three months	1	1
Total	2,631	2,271

15. CREDITORS AND ACCRUED CHARGES

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Trade creditors	279	502
Financial instruments	279	502
Accruals	744	885
Return liabilities	283	257
Other creditors and payables	488	430
Non-financial instruments	1,515	1,572
Total	1,794	2,074

The aging analysis by invoice date of trade creditors is as follows:

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
0-30 days	155	220
31-60 days	9	109
61-90 days	11	25
Over 90 days	104	148
Total	279	502

The carrying amounts of creditors and accrued charges approximate their fair values.

16. PROVISIONS

Provisions consist of the following:

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Restructuring	26	135
Reinstatement	107	101
Others	10	10
Provision total	143	246

Restructuring provision of HK\$26 million (31 December 2020: HK\$135 million) represent estimated costs associated with measures for the organization realignment.

17. BANK LOANS

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Bank loans	8	9

In March 2020, the Group's subsidiaries in Switzerland have obtained secured and interest free bank loans amounting to HK\$8 million (CHF1 million) as at 30 June 2021 (31 December 2020: HK\$9 million (CHF1 million)).

18. LEASE LIABILITIES

HK\$ million	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	3,056	4,525
Exchange translation	(98)	(24)
Additions	353	306
Interest arising from the passage of time	24	44
Repayments	(336)	(689)
Derecognition	(142)	(679)
Balance at end of the period	2,857	3,483
Current liabilities	679	1,016
Non-current liabilities	2,178	2,467
Lease liabilities total	2,857	3,483

19. SHARE CAPITAL

	Number of shares of HK\$0.10 each million	Unaudited HK\$ million
Authorized:		
At 1 January 2021 and 30 June 2021	3,000	300

	Number of shares of HK\$0.10 each million	Unaudited Nominal value HK\$ million
Issued and fully paid:		
At 1 January 2021	1,887	189
Issue of rights shares (Note a)	944	94
At 30 June 2021	2,831	283
At 1 January 2020 and 30 June 2020	1,887	189

Notes:

(a) Issue of rights shares

During the six months ended 30 June 2021, 943,605,781 new shares of HK\$0.10 each were issued and allotted under the rights issue at the subscription price of HK\$0.75 each on the basis of one rights share for every two existing shares held by the shareholders on 25 March 2021.

19. SHARE CAPITAL (CONTINUED)

(b) Share options

The Company adopted a share option scheme on 10 December 2009 (the “2009 Share Option Scheme”). The 2009 Share Option Scheme was terminated on 5 December 2018, notwithstanding that the share options which have been granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules.

The Company adopted a new share option scheme on 5 December 2018 (the “2018 Share Option Scheme”).

(c) Awarded shares

The Board had adopted an Employees’ Share Award Scheme (the “Share Award Scheme”) on 17 March 2016 and resolved to terminate the Share Award Scheme on 23 April 2021. The purpose of the Share Award Scheme was to incentivize and retain selected senior management of the Group.

Pursuant to the rules relating to the Share Award Scheme (the “Scheme Rules”), the Board would select any employees of the Group, including Executive Directors of the Company (the “Selected Employees”) for participation in the Share Award Scheme and determine the awarded sums or the number of awarded shares. The Company appointed an independent trustee for the administration of the Share Award Scheme until the termination of the Share Award Scheme. The trustee purchased the relevant number of shares from the market out of the Company’s funds paid to the trustee. The trustee held such shares on trust for the relevant Selected Employees until they were vested and delivered in accordance with the Scheme Rules and the conditions of the award of such awarded shares (if any).

Details of the awarded shares movement during the period and outstanding awarded shares as at 30 June 2021 under the Share Award Scheme are as follows:

	Number of awarded shares	
	Unaudited for the six months ended 30 June 2021	Unaudited for the six months ended 30 June 2020
Balance at beginning of the period	2,000,000	2,095,270
Lapsed during the period	(2,000,000)	-
Balance at end of the period	-	2,095,270

During the six months ended 30 June 2021, the trustee did not purchase any shares (2020: Nil shares) of the Company on the Stock Exchange. No payment was made to the trustee to purchase any shares (2020: HK\$ Nil million).

During the six months ended 30 June 2021, a total of 7,818,589 shares of the Company were sold by the trustee due to the termination of the Share Award Scheme. The net proceeds from disposal of shares held for Share Award Scheme was HK\$6 million. An equity movement of HK\$33 million was made from shares held for Share Award Scheme to accumulated loss in respect of the shares whose selling prices were lower than the costs.

20. CAPITAL COMMITMENTS

HK\$ million	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Property, plant and equipment		
contracted but not provided for	15	-
Intangible assets		
contracted but not provided for	-	12

21. RELATED PARTIES

During the six months ended 30 June 2021, Esprit Regional Distribution Limited, a wholly owned subsidiary of the Company, as the tenant, entered into the tenancy agreements (the “Tenancy Agreements”) with Filen Limited and CUCNP Holdings Limited (“CUCNP Holdings”) respectively, both as the landlords. As at 30 June 2021, each of Filen Limited and CUCNP Holdings is an indirect subsidiary of Terra Firma Holdings Limited, a company held by the trustee of a discretionary trust of which the immediate family member of Ms. LO Ki Yan Karen (“Ms. LO”) is a beneficiary. Ms. LO is a substantial shareholder of the Company, hence a connected person of the Company. Therefore, each of Filen Limited and CUCNP Holdings is an associate of the substantial shareholder of the Company and is a connected person of the Company. The terms and conditions of the Tenancy Agreements were disclosed in the announcement of the Company dated 25 January 2021. The Tenancy Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

22. SUBSEQUENT EVENTS

In the special general meeting on 6 July 2021, shareholders resolved to adopt the new share award scheme and to refresh the mandate limit of the 2018 Share Option Scheme adopted on 5 December 2018. An increase in authorized share capital from HK\$300,000,000 divided into 3,000,000,000 ordinary shares to HK\$3,000,000,000 divided into 30,000,000,000 ordinary shares (ranking pari passu with the existing shares in all respects upon issue) has also been resolved in this meeting. The memorandum of increase of share capital was delivered to the Registrar of Companies on 16 July 2021 according to the Companies Act 1981 of Bermuda.

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity	Beneficial interest in the Shares	Beneficial interest in underlying Shares in respect of the unlisted equity derivatives of the Company (Note 2)	Total number of Shares	Approximate percentage of aggregate interest to total issued share capital
DALEY Mark David (Note 1)	Beneficial owner	600,000	-	600,000	0.02%

Notes:

1. The interests of 600,000 Shares were jointly held by Mr. DALEY Mark David and his wife Ms. GRIFFITH Tracy Lee.
2. The interests of the Directors and chief executives of the Company in the underlying Shares of equity derivatives in respect of share options and awarded Shares of the Company are detailed in sections of "Share Option Schemes" and "Share Award Schemes" below respectively.
3. All interests disclosed above represent long position in the Shares and underlying Shares of the Company.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

2009 Share Option Scheme

The Company adopted the 2009 Share Option Scheme on 10 December 2009 and the scheme was terminated on 5 December 2018. Notwithstanding its termination, the share options which have been granted and remained outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules. A summary of the movements of the outstanding share options under the 2009 Share Option Scheme during the period under review is as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Adjusted ¹ exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options							
						As at 01/01/2021	Granted	Increased due to adjustment ¹	Transferred in	Exercised	Transferred out	Lapsed	As at 30/06/2021
Directors													
OR Ching Fai Raymond (resigned with effect from 1 January 2021)	30/06/2014	11.00	N/A	30/06/2015	30/06/2015 - 29/06/2024	450,000	-	-	-	-	450,000	-	-
	25/06/2018	2.66	N/A	25/06/2021	25/06/2021 - 24/06/2028	8,000,000	-	-	-	-	-	8,000,000	-
	In aggregate					8,450,000	-	-	-	-	450,000	8,000,000	-
LEE Ka Sze Carmelo (resigned with effect from 1 January 2021)	30/06/2014	11.00	N/A	30/06/2015	30/06/2015 - 29/06/2024	100,000	-	-	-	-	100,000	-	-
	28/09/2018	1.884	N/A	28/09/2019	28/09/2019 - 27/09/2028	500,000	-	-	-	-	500,000	-	-
	In aggregate					600,000	-	-	-	-	600,000	-	-

SHARE OPTION SCHEMES (CONTINUED)

2009 Share Option Scheme (continued)

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Adjusted ¹ exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options							
						As at 01/01/2021	Granted	Increased due to adjustment ¹	Transferred in	Exercised	Transferred out	Lapsed	As at 30/06/2021
Employees	27/09/2011	8.76	8.33	27/09/2014	27/09/2014 - 26/09/2021	1,050,000	-	41,434	-	-	-	250,000	841,434
	12/12/2012	12.32	11.71	12/12/2015	12/12/2015 - 11/12/2022	890,000	-	25,896	-	-	-	390,000	525,896
	11/03/2013	10.04	9.55	11/03/2016	11/03/2016 - 10/03/2023	312,000	-	9,322	-	-	-	132,000	189,322
				11/03/2017	11/03/2017 - 10/03/2023	104,000	-	3,108	-	-	-	44,000	63,108
				11/03/2018	11/03/2018 - 10/03/2023	104,000	-	3,108	-	-	-	44,000	63,108
	04/11/2013	14.18	13.48	04/11/2016	04/11/2016 - 03/11/2023	1,345,000	-	48,943	-	-	-	478,884	915,059
				04/11/2017	04/11/2017 - 03/11/2023	40,000	-	2,072	-	-	-	-	42,072
				04/11/2018	04/11/2018 - 03/11/2023	40,000	-	2,072	-	-	-	-	42,072
	30/06/2014	11.00	10.46	30/06/2017	30/06/2017 - 29/06/2024	180,000	-	9,323	-	-	-	-	189,323
				30/06/2018	30/06/2018 - 29/06/2024	60,000	-	3,107	-	-	-	-	63,107
				30/06/2019	30/06/2019 - 29/06/2024	60,000	-	3,107	-	-	-	-	63,107
	31/10/2014	10.124	9.63	31/10/2017	31/10/2017 - 30/10/2024	2,300,000	-	85,458	-	-	-	781,474	1,603,984
	13/10/2015	6.55	6.23	13/10/2018	13/10/2018 - 12/10/2025	2,250,000	-	90,637	-	-	-	710,358	1,630,279
	31/10/2016	6.87	6.53	31/10/2019	31/10/2019 - 30/10/2026	2,500,000	-	93,227	-	-	-	910,358	1,682,869
	07/11/2017	4.65	4.42	07/11/2020	07/11/2020 - 06/11/2027	2,550,000	-	95,817	-	-	-	962,947	1,682,870
	25/06/2018	2.66	2.53	25/06/2021	25/06/2021 - 24/06/2028	2,750,000	-	106,175	-	-	-	857,768	1,998,407
	28/09/2018	1.884	1.79	28/09/2021	28/09/2021 - 27/09/2028	1,500,000	-	51,793	-	-	-	500,000	1,051,793
	In aggregate					18,035,000	-	674,599	-	-	-	6,061,789	12,647,810

SHARE OPTION SCHEMES (CONTINUED)

2009 Share Option Scheme (continued)

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Adjusted ¹ exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options							
						As at 01/01/2021	Granted	Increased due to adjustment ¹	Transferred in	Exercised	Transferred out	Lapsed	As at 30/06/2021
Others	27/09/2011	8.76	8.33	27/09/2014	27/09/2014 - 26/09/2021	300,000	-	15,538	-	-	-	-	315,538
	12/12/2012	12.32	11.71	12/12/2015	12/12/2015 - 11/12/2022	100,000	-	5,179	-	-	-	-	105,179
	11/03/2013	10.04	9.55	11/03/2016	11/03/2016 - 10/03/2023	4,530,000	-	234,621	-	-	-	-	4,764,621
				11/03/2017	11/03/2017 - 10/03/2023	1,410,000	-	73,028	-	-	-	-	1,483,028
				11/03/2018	11/03/2018 - 10/03/2023	1,410,000	-	73,028	-	-	-	-	1,483,028
	04/11/2013	14.18	13.48	04/11/2016	04/11/2016 - 03/11/2023	800,000	-	41,434	-	-	-	-	841,434
	30/06/2014	11.00	N/A	30/06/2015	30/06/2015 - 29/06/2024	110,000	-	-	550,000	-	-	660,000	-
	31/10/2014	10.124	9.63	23/03/2015	23/03/2015 - 30/10/2024	100,000	-	5,179	-	-	-	-	105,179
				31/10/2017	31/10/2017 - 30/10/2024	800,000	-	41,434	-	-	-	-	841,434
	13/10/2015	6.55	6.23	13/10/2018	13/10/2018 - 12/10/2025	100,000	-	5,179	-	-	-	-	105,179
	31/10/2016	6.87	6.53	31/10/2019	31/10/2019 - 30/10/2026	100,000	-	5,179	-	-	-	-	105,179
	07/11/2017	4.65	4.42	07/11/2020	07/11/2020 - 06/11/2027	100,000	-	5,179	-	-	-	-	105,179
	25/06/2018	2.66	2.53	25/06/2021	25/06/2021 - 24/06/2028	8,200,000	-	10,358	-	-	-	8,000,000	210,358
	28/09/2018	1.884	N/A	28/09/2019	28/09/2019 - 27/09/2028	500,000	-	-	500,000	-	-	1,000,000	-
			1.79	28/09/2021	28/09/2021 - 27/09/2028	2,500,000	-	129,481	-	-	-	-	2,629,481
	In aggregate					21,060,000	-	644,817	1,050,000	-	-	9,660,000	13,094,817
Total						48,145,000	-	1,319,416	1,050,000	-	1,050,000	23,721,789	25,742,627

Notes:

1. The exercise price per Share payable upon exercise of the outstanding share options granted under the 2009 Share Option Scheme was adjusted with effect from 21 April 2021 as a result of the Rights Issue. Details of the adjustments were set out in the announcement of the Company dated 20 April 2021.
2. No share options were canceled under the 2009 Share Option Scheme during the six months ended 30 June 2021.
3. No share option was granted to the suppliers of the Group during the six months ended 30 June 2021.

SHARE OPTION SCHEMES (CONTINUED)

2018 Share Option Scheme

The Company adopted the 2018 Share Option Scheme on 5 December 2018. The option mandate limit of the 2018 Share Option Scheme has been refreshed upon the shareholders' approval at the special general meeting of the Company held on 6 July 2021. A summary of the movements of the outstanding share options under the 2018 Share Option Scheme during the period under review is as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Adjusted ¹ exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options							
						As at 01/01/2021	Granted	Increased due to adjustment ¹	Transferred in	Exercised	Transferred out	Lapsed	As at 30/06/2021
Director													
LEE Ka Sze Carmelo (resigned with effect from 1 January 2021)	10/12/2019	1.604	N/A	19/09/2020	19/09/2020 - 09/12/2029	500,000	-	-	-	-	500,000	-	-
Employees	10/12/2019	1.604	1.53	19/09/2022	19/09/2022 - 09/12/2029	5,800,000	-	227,888	-	-	-	2,451,791	3,576,097
			1.53	10/12/2022	10/12/2022 - 09/12/2029	300,000	-	15,538	-	-	-	-	315,538
	In aggregate					6,100,000	-	243,426	-	-	-	2,451,791	3,891,635
Others	10/12/2019	1.604	N/A	19/09/2020	19/09/2020 - 09/12/2029	500,000	-	-	500,000	-	-	1,000,000	-
			N/A	10/12/2020	10/12/2020 - 09/12/2029	500,000	-	-	-	-	-	500,000	-
	1.53	19/09/2022	19/09/2022 - 09/12/2029	4,500,000	-	25,896	-	-	-	4,000,000	525,896		
	N/A	10/12/2022	10/12/2022 - 09/12/2029	2,000,000	-	-	-	-	-	2,000,000	-		
In aggregate					7,500,000	-	25,896	500,000	-	-	7,500,000	525,896	
Total						14,100,000	-	269,322	500,000	-	500,000	9,951,791	4,417,531

Notes:

- The exercise price per Share payable upon exercise of the outstanding share options granted under the 2018 Share Option Scheme was adjusted with effect from 21 April 2021 as a result of the Rights Issue. Details of the adjustments were set out in the announcement of the Company dated 20 April 2021.
- No share options were canceled under the 2018 Share Option Scheme during the six months ended 30 June 2021.
- No share option was granted to the suppliers of the Group during the six months ended 30 June 2021.

SHARE AWARD SCHEMES

The Board of Directors adopted an Employees' Share Award Scheme on 17 March 2016 (the "Old Share Award Scheme"), which was terminated on 23 April 2021. A summary of the movements of the outstanding awarded Shares under the Old Share Award Scheme during the period under review is as follows:

	Date of grant (dd/mm/yyyy)	Vesting date (dd/mm/yyyy)	Number of awarded Shares			As at 30/06/2021	
			As at 01/01/2021	Granted	Vested		Lapsed
Other	22/06/2018	22/06/2021	2,000,000	-	-	2,000,000	-
Total			2,000,000	-	-	2,000,000	-

The Company has adopted a new share award scheme on 6 July 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement that enabled the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2021, the following shareholders (other than the Directors and chief executives of the Company whose interests or short positions in the Shares and underlying Shares of the Company disclosed above) had interests or short positions in the Shares and underlying Shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity	Number of Shares (Long position)	Approximate percentage of aggregate interest to total issued share capital
LO Ki Yan Karen ("Ms. LO") (Note 1)	Beneficial owner	425,614,200	27.92%
	Interest in a controlled corporation	364,782,600	
North Point Talent Limited (Note 1)	Beneficial owner	364,782,600	12.88%
Marathon Asset Management LLP (Note 2)	Investment manager	159,453,267	5.63%

Notes:

- Ms. LO is the sole shareholder of North Point Talent Limited. Therefore, Ms. LO was deemed to be interested in the 364,782,600 Shares held by North Point Talent Limited.
- Marathon Asset Management LLP was 40.05%, 40.05% and 19.90% controlled by Mr. ARAH William, Mr. OSTRER Neil and Marathon Asset Management (Services) Limited respectively.

Save as disclosed hereinabove and in section of "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the Company has not been notified by any person who had interest or short position in the Shares or underlying Shares of the Company as at 30 June 2021 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of Annual Report for the six months ended 31 December 2020 are set out as follows:

Directors	Details of changes
Mr. CHUNG Kwok Pan	<ul style="list-style-type: none"> Appointed as an independent non-executive director of L & A International Holdings Limited (stock code: 8195) since June 2021
Mr. LO Kin Ching Joseph	<ul style="list-style-type: none"> Appointed as a member of the Hospital Governing Committee of MacLehose Medical Rehabilitation Centre since April 2021 Ceased as a member of the Hospital Governing Committee of Queen Mary Hospital and Tsan Yuk Hospital since April 2021

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Directors are responsible for overseeing the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2021, to ensure that they give a true and fair view of the state of affairs of the Group and of its earnings and cash flows for the Period. In respect of the condensed consolidated interim financial information for the six months ended 30 June 2021, the Directors are satisfied that management have selected appropriate accounting policies, applied them consistently in accordance with the International Financial Reporting Standards and made judgments and estimates that are prudent and reasonable. Saved as disclosed in the section headed "Material Uncertainty Relating to Going Concern" of the Independent Review Report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors wish to make the following statement with regard to the material uncertainty relating to going concern in the Independent Review Report:

During the Period, the Group recorded a net profit attributable to shareholders of HK\$121 million and a net cash outflow of HK\$278 million prior to the rights issue proceeds of HK\$689 million. The Group is aware of the uncertainties around the potentially new variants of the COVID-19 virus and eventually resulting new lockdown scenarios or other isolation measures could be imposed by governments in major markets where the Group operates. Strict lockdown measures (including those impacting retail stores) for extended periods may negatively affect the financial condition of the Group. These circumstances and uncertainties may cast a significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above conditions, the Directors are of the view that the Group and the Company will be able to continue as going concern and that the condensed consolidated interim financial information have been prepared on that basis after taking into consideration of the following plans and measures:

- (i) the Group remains cautious and management is closely monitoring the latest developments of the Pandemic, including further potential lockdown measures. In such eventuality, the Group will reassess the impact of the Pandemic on the Group's operations and adjust its strategies for the Group's business accordingly in order to generate sufficient cash from its operations and to further preserve cash levels;
- (ii) the Group will continue with the strict monitoring of the cost base of the business and further drive cost optimization including active store portfolio management; and
- (iii) the Group will continue to work on its Strategic Plan to strengthen Esprit's brand identity worldwide and improve product offering and pricing to enhance the Group's profitability.

The Directors are responsible for ensuring the maintenance of proper accounting records, safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE

The Company has applied the principles of, and complied with the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2021, except for code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. However, Independent Non-executive Directors of the Company do not have specific term of appointment. Under bye-law 87 of the Company’s Bye-laws, all Directors, including Independent Non-executive Directors, are subject to retirement by rotation and re-election in the annual general meeting of the Company and each Director is effectively appointed under an average term of not more than three years.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process and internal control system, to oversee the audit process and the Company’s relations with the auditors, and to perform other duties as assigned by the Board. As at the date of this report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. LO Kin Ching Joseph (Chairman of the Audit Committee), Mr. CHUNG Kwok Pan and Mr. GILES William Nicholas.

During the six months ended 30 June 2021, the Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters with the management.

The condensed consolidated interim financial information of the Company for the six months ended 30 June 2021 had not been audited, but had been reviewed by the Audit Committee and the Company’s auditor, PricewaterhouseCoopers.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s shares for the six months ended 30 June 2021.

CHANGE IN BOARD LOT SIZE

The board lot size of the Shares for trading on the main board of the Stock Exchange was changed from 100 Shares to 2,500 Shares (the “Change in Board Lot Size”) with effect from 9:00 a.m. on Tuesday, 25 May 2021. Before the Change in Board Lot Size, the Shares were traded significantly below HK\$2,000 per board lot. Therefore, the Change in Board Lot Size will reduce transaction and handling costs of dealing in the Shares. For details, please refer to the Company’s announcement dated 30 April 2021.

AMERICAN DEPOSITARY RECEIPT PROGRAM

The Company has established a Level 1 sponsored American Depositary Receipt program with details as stated hereunder:

Symbol	ESPGY
CUSIP	29666V204
ISIN	US29666V2043
Ratio	2 ordinary shares: 1 ADR
Country	Hong Kong
Effective Date	5 January 2015
Depositary	Deutsche Bank Trust Company Americas

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all our staff for their diligence and dedication, plus my sincere appreciation to all customers, business partners and the Shareholders for their continuing supports.

On behalf of the Board
Esprit Holdings Limited

CHIU Christin Su Yi
Acting Executive Chairman

Hong Kong, 24 August 2021

Glossary of Terms

A

ADR

American Depositary Receipt

B

Board

The Board of Directors

C

CAPEX

Capital expenditure

CGUs

Cash-generating units

Company

Esprit Holdings Limited

Corresponding Period

The six months ended 30 June 2020

Cover Ratio Before Provision

The amount of insured and secured gross trade debtors including value-added tax over total gross trade debtors including value-added tax

E

EBIT/LBIT

Earnings/loss before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation and amortization

e-shop

Online store

F

FTE

Full-Time-Equivalent staff

G

Group

Esprit Holdings Limited and its subsidiaries

I

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

Interim Financial Information

Unaudited condensed consolidated interim financial information

Inventory Turnover Days

Calculated as average inventory (excluding consumables) over average daily cost of goods sold

L

Listing Rules

The Rules Governing the Listing of Securities on the Stock Exchange

O

OCI

Other comprehensive income

P

Pandemic

COVID-19 pandemic

Period

The six months ended 30 June 2021

PSP

Protective Shield Proceedings

R

Rights Issue

Rights issue on the basis of one rights share for every two Shares in issue at a subscription price of HK\$0.75 per rights share that was undertaken by the Company and completed on 20 April 2021, details of which are set out in the Company's announcements dated 27 January 2021, 2 March 2021 and 20 April 2021 and the Company's prospectus dated 26 March 2021

S

Selected Employees

Any employees of the Company selected by the Board for participation in the Share Award Scheme

Share Award Scheme

Employees' share award scheme of the Company adopted on 17 March 2016

Share(s)

Ordinary share(s) in the share capital of the Company with a par value of HK\$0.1 each

Stock Exchange

The Stock Exchange of Hong Kong Limited

2009 Share Option Scheme

Share option scheme of the Company adopted at an annual general meeting of the Company held on 10 December 2009 and terminated on 5 December 2018

2018 Share Option Scheme

Share option scheme of the Company adopted at an annual general meeting of the Company held on 5 December 2018

