ESPRIT FY07/08 INTERIM RESULTS HIGHLIGHTS

- **Interim profit grew over 37% to HK$3.3 billion**
- **Group turnover grew 27% to HK$18.5 billion**
- **Basic EPS increased 36.2% to HK$2.67 per share**
- **Net profit margin expanded 1.4% points to 17.8%**
- **Net cash increased to HK$5.5 billion**
- **Interim dividend: HK$0.95 per share, payable on April 3, 2008**

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 330)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

INTERIM RESULTS

The Board of Directors 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") for the six months ended December 31, 2007 as follows:

Condensed consolidated income statement

	Notes	Unaudited For the 6 months ended December 31, 2007 HK$ million	2006 HK$ million
Turnover	2	**18,527**	14,590
Cost of goods sold		**(8,607)**	(6,986)
Gross profit		**9,920**	7,604
Staff costs		**(2,156)**	(1,681)
Operating lease charge		**(1,360)**	(1,101)
Depreciation		**(341)**	(288)
Other operating costs		**(2,043)**	(1,473)
Operating profit	3	**4,020**	3,061
Interest income		**102**	49
Share of results of associates		**81**	62
Profit before taxation	2	**4,203**	3,172
Taxation	4	**(910)**	(772)
Profit attributable to shareholders		**3,293**	2,400
Interim dividend	5	**1,181**	861
Earnings per share			
- Basic	6	**HK$2.67**	HK$1.96
- Diluted	6	**HK$2.64**	HK$1.94

Condensed consolidated balance sheet

	Notes	**Unaudited December 31, 2007 HK$ million**	Audited June 30, 2007 HK$ million
Non-current assets			
Intangible assets		**2,090**	2,057
Property, plant and equipment	7	**2,999**	2,525
Other investments		**7**	7
Investments in associates		**497**	406
Prepaid lease payments		**172**	175
Deferred tax assets		**404**	396
		6,169	5,566
Current assets			
Inventories		**2,512**	2,192
Debtors, deposits and prepayments	8	**4,393**	3,991
Amounts due from associates		**110**	48
Bank balances and cash		**2,409**	1,829
Short-term bank deposits		**3,093**	3,403
		12,517	11,463
Current liabilities			
Creditors and accrued charges	9	**3,778**	3,637
Taxation		**1,154**	933
		4,932	4,570
Net current assets		**7,585**	6,893
Total assets less current liabilities		**13,754**	12,459
Financed by:			
Share capital	10	**124**	123
Reserves		**13,238**	11,958
Shareholders' funds		**13,362**	12,081
Deferred tax liabilities		**392**	378
		13,754	12,459

Notes to the condensed consolidated interim financial information

1. Basis of preparation

This unaudited condensed consolidated interim financial information ("interim financial information") on pages 2 to 11 has been extracted from the unaudited interim financial statements for the six months ended December 31, 2007, which are 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").

This interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2007. The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended June 30, 2007.

The Group did not early adopt the following IAS and International Financial Reporting Interpretations Committee ("IFRIC") interpretation that have been issued in the period from July 1, 2007 to December 31, 2007. The adoption of such standards will not result in substantial changes to the Group's accounting policies.

		Effective for accounting periods beginning on or after
IAS 1 (Revised)	Presentation of Financial Statements	January 1, 2009
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008

2. Turnover and segment information

The Group is principally engaged in wholesale and retail distribution and licensing of quality fashion and life-style products designed under its own internationally-known Esprit brand name, together with Red Earth cosmetics, skin and body care products.

	Unaudited For the 6 months ended December 31, 2007 HK$ million	2006 HK$ million
Turnover		
Sales of goods	**18,422**	14,501
Licensing and other income	**105**	89
	18,527	14,590

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. Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Global brand development costs are fully reflected within the licensing segment to reflect the Esprit brand owners' initiative to develop the brand globally both in existing and prospective new markets.

	Unaudited For the 6 months ended December 31, 2007				
	Wholesale HK$ million	**Retail HK$ million**	**Licensing & others HK$ million**	**Eliminations HK$ million**	**Group HK$ million**
Turnover	**10,450**	**7,972**	**105**	**-**	**18,527**
Inter-segment sales	**-**	**-**	**478**	**(478)**	**-**
	10,450	**7,972**	**583**	**(478)**	**18,527**
Segment results	**2,631**	**1,257**	**293**	**(8)**	**4,173**
Unallocated net expenses					**(153)**
Interest income					**102**
Share of results of associates					**81**
Profit before taxation					**4,203**
Segment EBIT – ex-inter-segment licensing expense/income (note)	**2,809**	**1,319**	**53**	**(8)**	**4,173**

	Unaudited For the 6 months ended December 31, 2006				
	Wholesale HK$ million	Retail HK$ million	Licensing & others HK$ million	Eliminations HK$ million	Group HK$ million
Turnover	8,060	6,441	89	-	14,590
Inter-segment sales	-	-	350	(350)	-
	8,060	6,441	439	(350)	14,590
Segment results	1,918	1,109	254	(88)	3,193
Unallocated net expenses					(132)
Interest income					49
Share of results of associates					62
Profit before taxation					3,172
Segment EBIT – ex-inter-segment licensing expense/income (note)	2,077	1,161	43	(88)	3,193

note: Wholesale and retail segments pay intra-group licensing fees to the licensing segment. Should the wholesale and retail segments not be required to pay the intra-group licensing fees to the licensing segment, the segment EBIT ("earnings before interest and taxation, finance costs, share of results of associates and unallocated net income/expenses") of the wholesale and retail segments would have been **HK$2,809 million** (2006: HK$2,077 million) and **HK$1,319 million** (2006: HK$1,161 million) respectively, representing wholesale segment EBIT margin ("segment EBIT/segment turnover") of **26.9%** (2006: 25.8%) and retail segment EBIT margin of **16.5%** (2006 : 18.0%).

Secondary reporting format – geographical segments

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of customers.

	Unaudited For the 6 months ended December 31,	
	2007	2006
	HK$ million	HK$ million
Turnover		
Europe	**15,994**	12,524
Asia Pacific	**2,054**	1,697
North America and others	**479**	369
	18,527	14,590

3. Operating profit

	Unaudited For the 6 months ended December 31, 2007 HK$ million	2006 HK$ million
Operating profit is arrived at after charging and (crediting) the following:		
Depreciation	**341**	288
Loss on disposal of property, plant and equipment	**16**	7
Net exchange (gains) / losses	**(28)**	3
Net (write back) / charge for provision for obsolete inventories	**(1)**	10
Provision for impairment of trade debtors / bad debts written off	**36**	25

4. Taxation

	Unaudited For the 6 months ended December 31, 2007 HK$ million	2006 HK$ million
Current tax		
Hong Kong profits tax		
Provision for current period	**-**	-
Overseas taxation		
Provision for current period	**866**	837
Underprovision in prior years	**24**	-
	890	837
Deferred tax		
Current period	**20**	(65)
Taxation	**910**	772

Hong Kong profits tax is calculated at **17.5%** (2006: 17.5%) 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.

Share of associate's taxation for the six months ended December 31, 2007 was a net tax charge of **HK$27 million** (2006: a net tax credit of HK$2 million) which has been included in the condensed consolidated income statement as share of results of associates.

5. Interim dividend

	Unaudited For the 6 months ended December 31, 2007 HK$ million	2006 HK$ million
Interim dividend declared of **HK$0.95** (2006: HK$0.70) per share	**1,181**	861

The amount of interim dividend is based on **1,242,675,434** shares in issue on **January 30, 2008** (2006: 1,230,670,434 shares in issue on February 7, 2007).

6. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited For the 6 months ended December 31, 2007	2006
Profit attributable to shareholders (HK$ million)	**3,293**	2,400
Weighted average number of ordinary shares in issue (million)	**1,234**	1,222
Basic earnings per share (HK$ per share)	**2.67**	1.96

Diluted

Diluted earnings per share is calculated based on the profit attributable to shareholders, and the weighted average number of shares in issue during the period after adjusting for the number of dilutive potential ordinary shares granted under the Company's share option scheme.

	Unaudited For the 6 months ended December 31,	
	2007	2006
Profit attributable to shareholders (HK$ million)	**3,293**	2,400
Weighted average number of ordinary shares in issue (million)	**1,234**	1,222
Adjustments for share options (million)	**16**	17
Weighted average number of ordinary shares for diluted earnings per share (million)	**1,250**	1,239
Diluted earnings per share (HK$ per share)	**2.64**	1.94

7. Property, plant and equipment

	Unaudited HK$ million
Balance at July 1, 2007	**2,525**
Exchange translation	**166**
Additions	**668**
Disposals	**(19)**
Depreciation (note 3)	**(341)**
Balance at December 31, 2007	**2,999**

During the six months ended December 31, 2007, the Group incurred **HK$566 million** in expansion and refurbishment of retail shops in various locations and **HK$102 million** in office improvements and purchase of office equipment.

8. Debtors, deposits and prepayments

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

	Unaudited December 31, 2007 HK$ million	Audited June 30, 2007 HK$ million
0-30 days	**3,130**	2,717
31-60 days	**155**	84
61-90 days	**78**	76
Over 90 days	**121**	91
	3,484	2,968

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

9. Creditors and accrued charges

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

	Unaudited December 31, 2007 HK$ million	Audited June 30, 2007 HK$ million
0-30 days	**1,103**	1,347
31-60 days	**68**	55
61-90 days	**37**	7
Over 90 days	**46**	29
	1,254	1,438

10. Share capital

	Unaudited December 31, 2007 HK$ million	Audited June 30, 2007 HK$ million
Authorized		
2,000,000,000 shares of HK$0.10 each	**200**	200

	Number of shares of HK$0.10 each million	**Nominal value HK$ million**
Issued and fully paid		
Balance at July 1, 2007	**1,231**	**123**
Exercise of share options (note)	**11**	**1**
Balance at December 31, 2007	**1,242**	**124**

note*:* During the period, **11,335,000** ordinary shares of **HK$0.10** were issued in respect of the share options exercised by Directors and employees under the share option scheme at exercise prices in the range of **HK$14.60** to **HK$80.95** each (representing a premium in the range of **HK$14.50** to **HK$80.85** each).

FINANCIAL REVIEW

The Group has kicked off with another good start to the financial year, and recorded year-on-year turnover growth rate and net earnings growth rate of 27% and 37.2% respectively. Strong year-on-year turnover growth of over 20% was recorded in all our key markets and product divisions.

Turnover

During the six months ended December 31, 2007, the Group's turnover increased to HK$18,527 million, mainly due to the continued strong performance in all major operating markets and partly benefited from the appreciation in Euro.

Profitability

During the six months ended December 31, 2007, the Group's operating profit increased by 31.3% on a year-on-year basis to HK$4,020 million with operating profit margin improving by 0.7% point year-on-year to 21.7%. This was mainly due to improved operating efficiency and economies of scale. Wholesale and retail segments recorded respective segment EBIT margin of 26.9% and 16.5% as compared to 25.8% and 18% in the same period last financial year, or 26.4% and 15.1% in the full financial year ended June 30, 2007.

During the reporting period, our China associated companies' contribution to the Group's earnings before tax (EBT) also increased by 30.5% on a year-on-year basis to HK$81 million due to both strong turnover growth and operating margin improvement.

The Group's EBT rose to HK$4,203 million, representing an increase of 32.5% over the same period last financial year. With higher turnover, expanded operating margins as well as lowered Group effective tax rate due to the recent German tax reform, net earnings of the Group increased by 37.2% on a year-on-year basis to HK$3,293 million and net earnings margin expanded by 1.4% points year-on-year to 17.8%.

Seasonality of Business

The Group's business is affected by seasonal trends. These trends are primarily attributable to seasonal shipments to wholesale customers and key holiday sales periods, as well as the pricing of seasonal products. Due to the fact that sales and operating income may fluctuate in any reporting period, half year financials may not be indicative of the future trend of business and may not be extrapolated to provide a reliable forecast.

Liquidity and Financial Resources

Our consolidated balance sheet remains solid. Net cash inflow from operating activities was more than sufficient to fund the capital expenditure incurred and the payment of special and final dividend of HK$3,075 million during the reporting period. Free cash flow, defined as net cash flow from operating activities less capital expenditure, amounted to HK$2,656 million. Net cash balance reached HK$5,502 million as at December 31, 2007, representing an increase of 5.2% from June 30, 2007.

During the reporting period, the Group invested HK$668 million in capital expenditure, as compared to HK$254 million spent for the same period last financial year. Among the capital expenditure spent, HK$566 million was spent on the opening of new stores and refurbishment of existing stores.

As at December 31, 2007, the Group had no long-term bank borrowings and did not pledge any assets as security for overdraft or any short-term revolving facility. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' funds) was 0%. The current ratio (current assets divided by current liabilities) improved to 2.5 times as at December 31, 2007 from 2.2 times as at December 31, 2006.

Foreign Exchange Risk Management

To minimize our foreign exchange exposure on sourcing costs for merchandise produced for Europe in Asia, most of the suppliers in Asia were asked to quote and settle in Euros. In addition, the Group entered into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

OPERATIONS REVIEW

Products

Currently, our products are sold under two key brands, ESPRIT and edc. As at December 31, 2007, inventory turnover was shortened by 7 days to 48 days, an improvement from 55 days as at June 30, 2007. This is attributable to improved inventory control and increased popularity of our products.

Turnover by key product divisions

	Esprit			edc		Others*	Total
	Casual	Collection	Accessories	edc Women	edc Men		
1H2007/2008 turnover (HK$m)	8,681	1,589	919	3,347	577	3,414	18,527
% of Group's turnover	46.9%	8.6%	5.0%	18.1%	3.1%	18.3%	100.0%
% growth from same period last financial year	24.0%	24.6%	33.6%	33.5%	84.8%	21.7%	27.0%

* Others include shoes, sports, bodywear, kids, edc youth, edc accessories, red earth, salon and licensed products

ESPRIT

Esprit Casual continued to be the key contributor to the Group's turnover within which, Casual Women accounted for 34.6% of the Group's turnover, recording year-on-year growth of 19.8%. Casual Men contributed 12.3% of the Group's turnover and grew by 37.3% on a year-on-year basis.

Esprit Collection contributed to around 8.6% of the Group's turnover. Collection Women posted year-on-year growth rate of 22.2% while Collection Men reported strong year-on-year growth rate of 31.5%.

edc

The separation of edc from Esprit is progressing smoothly. To enhance its brand image in its target market segments, edc sponsored the MTV Europe Music Award that was launched in Europe and Asia Pacific regions during the reporting period. We believe the edc brand will remain as one of the Group's key growth drivers in future.

Regions

Turnover by regions

	Europe		Asia Pacific	North America and others	Total
	Germany	Rest of Europe			
1H2007/2008 turnover (HK$m)	8,666	7,328	2,054	479	18,527
% of Group's turnover	46.8%	39.5%	11.1%	2.6%	100.0%
% growth from same period last financial year	25.8%	30.0%	21.0%	29.8%	27.0%

Europe

During the six months ended December 31, 2007, Europe recorded a strong year-on-year turnover growth of 27.7% to HK$15,994 million, making up 86.3% of the Group's turnover. Germany and Benelux were the two largest contributors to the region with respective year-on-year turnover growth rates of 25.8% and 26.5%. Other high potential European markets, such as Spain, France and Scandinavia experienced stronger growth momentum with year-on-year sales growth rates of 53.1%, 37.1% and 36.6% respectively.

Asia Pacific

During the reporting period, Asia Pacific recorded year-on-year turnover growth of 21%. Australia & New Zealand in particular recorded strong year-on-year turnover growth of 27.8% as well as significant improvement in operating results as compared to the same period last financial year.

North America and others

Encouraging results continued in North America recording year-on-year growth rate of 29.8%. The U.S. posted year-on-year turnover growth of 35.5%. The opening of the new flagship store at Rockefeller Centre on Fifth Avenue New York, confirmed our determination and commitment to grow the business in the U.S.

Distribution Channels

Establishing multi-distribution channels across geographical regions is one of the keys to our success. We believe the wholesale and retail distribution channels are complementary to each other and both are equally important to our expansion strategy.

Turnover by distribution channels

	Wholesale	Retail	Licensing & others	Total
1H2007/2008 turnover (HK$m)	10,450	7,972	105	18,527
% of Group's turnover	56.4%	43.0%	0.6%	100.0%
% growth from same period last financial year	29.7%	23.8%	18.1%	27.0%

Wholesale

Wholesale turnover by markets

	Germany	Benelux	France	Rest of Europe	Asia Pacific	North America	Total
1H2007/2008 turnover (HK$m)	4,703	1,674	1,200	1,979	791	103	10,450
% of wholesale turnover	45.0%	16.0%	11.5%	18.9%	7.6%	1.0%	100.0%
% growth from same period last financial year	26.6%	24.9%	37.2%	31.1%	41.9%	66.9%	29.7%

As at December 31, 2007, controlled wholesale space was approximately 695,000m^2, representing a net increase of over 65,000m^2 as compared to June 30, 2007. During the reporting period, the controlled-space wholesale point-of-sales reported a net increase of about 650, bringing the total to over 14,000, comprising of about 1,310 partnership stores, 4,480 shop-in-stores and 8,210 identity corners as at December 31, 2007.

Europe wholesale turnover grew by 28.4% as compared to the same period last financial year. While we continue to penetrate and achieve double-digit percentage growth in key markets, more impressive growth were seen in high potential markets such as France and Spain, each achieving year-on-year wholesale turnover growth rates of 37.2% and 50.7% respectively. U.K. and Ireland recorded wholesale turnover growth of 24.9% and an increase in controlled wholesale space, primarily partnership stores, of over 20%. Eastern Europe as a whole also recorded solid growth of 75.1% on a year-on-year basis as a result of rapid expansion in Russia and Poland.

Asia Pacific achieved year-on-year wholesale turnover growth rate of 41.9% reaching HK$791 million, mainly driven by the higher wholesale sales to China and other emerging markets. Sales to China recorded strong turnover growth of 49.2% on a year-on-year basis. Emerging markets in the region, such as India and Vietnam, posted respective year-on-year wholesale turnover growth of 211.6% and 206.2%. The Group believes China, India and other emerging markets in Asia Pacific possess huge market potential and therefore we will continue to focus on these markets to realize their long term growth potential.

Retail

Retail turnover by markets

	Germany	Benelux	France	Rest of Europe	Asia Pacific	North America	Total
1H2007/2008 turnover (HK$m)	3,941	1,145	381	939	1,204	362	7,972
% of retail turnover	49.4%	14.4%	4.8%	11.8%	15.1%	4.5%	100.0%
% growth from same period last financial year	24.8%	28.8%	35.8%	27.2%	11.3%	22.6%	23.8%

The Group's retail turnover grew by 23.8% on a year-on-year basis and was primarily driven by a healthy year-on-year comparable-store-sales growth, including e-shop, of 7.9% and an increase in retail selling space of 8% as compared to June 30, 2007. On a regional basis, Europe, Asia Pacific and North America recorded 26.5%, 11.3% and 22.6% year-on-year retail turnover growth, and 8.7%, 5% and 1.7% year-on-year comparable-store-sales growth respectively during the reporting period.

As part of our 3-year retail expansion plan, the number of directly managed retail stores was increased by 54 (net) during the reporting period bringing the total number of directly managed retail stores to 658 as at December 31, 2007. This represented a net increase of retail selling space of over 19,000m^2 during the reporting period, bringing the total retail selling space to around 256,700m^2 as at December 31, 2007. We expect the sales contribution from these new stores to steadily build up in the following reporting periods. Geographically, 29, 47 and 11 new directly managed retail stores were set up, and 5, 25 and 3 stores were closed, in Europe, Asia Pacific and North America respectively in the first half of the financial year. Among the newly opened directly managed retail stores, 12 were edc standalone stores representing an increase in edc's retail selling space of over 60% as compared to June 30, 2007.

Other than our core markets, France, U.S. and Australia were the key focus for retail expansion in the reporting period, each recorded 35.8%, 30.5% and 25.3% year-on-year sales growth with 36.9%, 34.3% and 10.8% increase in retail selling space since the beginning of the financial year respectively. Hong Kong is undergoing a restructuring of store portfolios with focus on opening more new stores in prime locations.

While we continue to expand our retail distribution in existing markets, we have extended our retail reach to Spain and Finland during the reporting period. Leveraging on the strong brand recognition established by our wholesale distribution in Spain and Finland, the Group commenced the roll-out of our directly managed retail distribution in these markets. Three new directly managed retail stores were opened in Madrid and Helsinki during the first half of the financial year.

Internet sales are part of our retail distribution channel. During the reporting period, the Group launched e-shops in Denmark and Switzerland, following which the reach of our e-shop has extended to all our major European retail markets.

Licensing

During the reporting period, third party royalty income increased by 40.8% as compared to the same period last financial year, to HK$71 million, representing approximately 0.4% of the Group's total turnover. The strong turnover growth was mainly attributable to the high growth in home category. We are currently working with around 30 licensees and collectively offer more than 30 categories of Esprit licensed products to consumers worldwide. Major licensed product categories included Fragrance, Eyewear, Timewear and Jewelry.

We successfully launched a maternity line in September 2007 followed by the new trio fragrance Esprit connect, "One for Her – One for Him – One for Us", the first unisex fragrance from Esprit. To extend the distribution reach of Esprit home products, they are now made available in our e-shops in Europe since the end of August 2007.

OUTLOOK

With the strength of our brands, our proven business model and our track records of delivering healthy growth rates, we are confident in sustaining the growth momentum of the Group in the second half of the financial year.

We see the potential weakening of global economic conditions as an opportunity to gain market share, particularly through retail expansion. In the second half of the financial year, the Group will continue to expand its global retail network by investing over HK$500 million to open over 60 directly managed retail stores, representing around 17,000m^2 gross retail space growth, as we steadily progress towards our target of opening 400 stores in 3 years. As a result of the recent store openings in the first half of the financial year, we expect sales contribution to steadily build up through the second half of the financial year. In addition, the Group will aim to maintain a stable year-on-year retail comparable-stores-sales growth.

Wholesale orders booked between January 2008 and April 2008 show a low double-digit percentage year-on-year growth in local currency terms as compared to high base of second half of last financial year. In addition, the Group expects to add over 500 new controlled-space wholesale point-of-sales in the second half of the financial year. Going forward, the Group will continue to expand the wholesale distribution network in Eastern Europe and Asia Pacific. We foresee the sales contribution from Eastern Europe will become increasingly significant leveraging on their continual growth of consumption power, particularly Russia and Poland. Whereas in China, India and Vietnam, over 40 new controlled-space wholesale point-of-sales are planned to be opened in the second half of the financial year bringing their expected collective growth in controlled wholesale space to reach over 30% for the full year.

The new product line, de.corp Esprit Urban Casual, will be introduced to the markets through both wholesale and retail distribution channels in March 2008. The products will be firstly showcased in over 40 directly managed retail stores and around 150 controlled-space wholesale point-of-sales in Europe including Munich, Berlin, Amsterdam, Zurich, Vienna, London and Oslo.

During the first half of the financial year, the Group has stepped up its commitment to being a socially responsible corporate citizen by establishing the Esprit Global Vendor Compliance Program which forms the basic compliance framework for social compliance. Increasing concern over environmental protection has prompted us to introduce the paper Esprit shopping bags in Europe since July 2007. All these demonstrated the Group's continued efforts in being a socially responsible corporate citizen.

This financial year marks the 40th anniversary of the Group. A series of promotional events are planned in the second half of the financial year to celebrate this important milestone. While there are macroeconomic uncertainties and challenges ahead of us, our growth strategies remain intact. We will continue to focus on further penetrating core markets, maintaining comparable-stores sales growth, increasing retail space growth, as well as developing under-utilized markets like Eastern Europe, China, India and Korea to drive sustainable and profitable growth. Potential margin improvements from economies of scale and turning around underperforming markets will further support our investment in initiatives which will drive the long-term growth of our global business. We will strive to deliver another set of record results and further enhance shareholders' return by leveraging on the solid foundation established in the first half of the financial year.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend for the six months ended December 31, 2007 of HK$0.95 per share (FY2006/2007: HK$0.70) representing a year-on-year growth of 35.7%. The dividend will be payable on or about Thursday, April 3, 2008 to the shareholders whose names appear on the Registers of Members of the Company at close of business on Wednesday, March 26, 2008 ("Shareholders"). The relevant dividend warrants will be dispatched to Shareholders on or about Wednesday, April 2, 2008.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Thursday, March 27, 2008 to Friday, March 28, 2008, 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 branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, March 26, 2008.

HUMAN RESOURCES

As at December 31, 2007, the Group employed over 10,400 full-time equivalent staff (2006: 9,000) around the globe. Competitive remuneration packages that take into account business performance, market practices and competitive market conditions are offered to employees in compensation for their contribution. In addition, share options and discretionary bonuses are also granted based on the Group's and individual's performances. All employees around the world are connected through the Group's quarterly newsletters and global intranet.

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 during the period under review.

AUDIT COMMITTEE

The Audit Committee comprises 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, 2007 with the management.

This unaudited condensed consolidated interim financial information on pages 2 to 11 has been extracted from the interim financial statements for the six months ended December 31, 2007. The Group's external auditors, PricewaterhouseCoopers, performed an independent review of the interim financial statements for the six months ended December 31, 2007 in accordance with International Standard on Review Engagements 2410. On the basis of their review which is substantially less in scope than an audit, PricewaterhouseCoopers confirmed in writing that nothing has come to their attention that causes them to believe that the interim financial statements have not been prepared, in all material respect, in accordance with IAS 34 "Interim Financial Reporting".

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended December 31, 2007, except that:

Under the code provision A.2.1 of the Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Heinz Jürgen KROGNER-KORNALIK, Group CEO, was unanimously elected by the Board as Chairman on December 5, 2006. The dual role arrangement is considered to be appropriate by the Board at the current stage of development of the Company and will be reviewed periodically.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors of the Company have not been appointed for a specific term. However, under Bye-law 87 of the Company's Bye-laws, all Directors, including Non-executive Directors, of the Company 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 three years.

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 for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 ("Model Code") to the Listing Rules.

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 December 31, 2007.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	Heinz Jürgen KROGNER-KORNALIK *(Chairman)* John POON Cho Ming *(Deputy Chairman)* Thomas Johannes GROTE Jerome Squire GRIFFITH
Non-executive Directors:	Jürgen Alfred Rudolf FRIEDRICH Michael YING Lee Yuen
Independent Non-executive Directors:	Paul CHENG Ming Fun Alexander Reid HAMILTON Raymond OR Ching Fai

By Order of the Board
John POON Cho Ming
Deputy Chairman

Hong Kong, January 30, 2008