



ESPRIT

esprit holdings limited interim report 2000/2001



Executive Directors
Michael YING Lee Yuen *Chairman*
Surinder CHHIBBER *Deputy Chairman*
Heinz Jürgen KROGNER-KORNALIK
John POON Cho Ming
Connie WONG Chin Tzi

Company Secretary
John POON Cho Ming

Non-Executive Director
Jürgen Alfred Rudolf FRIEDRICH
Alexander Reid HAMILTON*
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Raymond OR Ching Fai*

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HIGHLIGHTS OF INTERIM RESULTS FY 00/01

- Impressive operating and net profit growth of 30%
- EBITDA margin improved by about 2 percentage points to 16.4%
- Group turnover increased by approximately 10% against tough apparel market conditions and lower currency translation rates
- Profitable in all country operations worldwide
- European sales recorded stellar growth of 33% in euro terms
- Asia Pacific revenue registered modest growth
- Over 50% growth in sales for shoes and bodywear with steady growth for core product lines
- Cash on hand close to HK\$800 million as at December 31, 2000 even after aggressive capital expenditure of approximately HK\$200 million
- Interim dividend increased by 26% to HK4.80 cents per share

MANAGEMENT DISCUSSION AND ANALYSIS

Esprit has managed to do in 30 years what many would consider highly challenging: develop a widely recognized global lifestyle brand. A management team committed to our visionary strategic initiatives built this business into the worldwide phenomenon it is today.

Our management has kept the Group growing despite the economic climate. Since listing in Hong Kong in 1993, Esprit has maintained continuous growth even though our two key regions, Asia-Pacific and Europe, were hit by economic downturn. This enviable record resulted from our strong brand equity, our good quality products and our highly integrated business expansion approach. These advantages will continue to allow us to strengthen our business and stay ahead of the competition.

With our focus on lifestyle products rather than simply fashion, we add value to our customers' everyday life. Esprit's global distribution network, covering over 40 countries on five continents, has generated healthy results.



impressive interim growth

For the six months ended December 31, 2000, the Group achieved a turnover of HK\$3,994 million, up approximately 10% on the previous year. Operating profit after finance costs rose 30% to HK\$559 million, while profit attributable to shareholders was HK\$273 million. Earnings per share were HK24.4 cents, an increase of 28% compared to same period last year.

The Group's well-defined diversification strategy, which is applied to geographical distribution, product line expansion and business scope, proved to be very effective in further improving first-half results. Our strong European operations remained the major impetus for our growth. In addition, continual enhancements in operating efficiency have produced a notable margin improvement through economy of scale and effective cost control. Group operating expenses compared to same period last year, as a percentage of sales, reduced by approximately 4 percentage points, including significant reduction in building and staff costs. EBITDA margin, therefore, increased to 16.4%, representing an increase of roughly 2 percentage points over same period last year.

overall performance

All country operations worldwide contributed to the Group's operating profit. Wholesale, retail and licensing business all recorded increases in the first half of this financial year, with the wholesale operation remained the driving force registering 16% growth over the previous year. The strong growth was largely attributed to the success of our well-developed product lines which are complementary to the growth of our retail business.





Geographical Breakdown

Europe	Year-on-year Change
<i>(In euro terms)</i>	
Germany	+32%
Benelux	+32%
France	+52%
Scandinavia	+31%
Austria	+42%

Once again, Europe achieved phenomenal growth in the first half, with an overall 33% increase in turnover in euro terms despite tough apparel market conditions. In euro terms, wholesale business continued to demonstrate an outstanding performance with an increase of 36% while retail business also bucked the trend by showing an increase of 24% over previous year. One of the most encouraging developments in the first half was the impressive sales growth rates registered by some of our smaller European markets as shown above.

Sales performance of our European e-shop was particularly stunning, with an increase over 500% on the previous year. We believe this new channel offers a good alternative that helps connect us to our existing as well as potential customers in the cyberspace.

Asia Pacific	Year-on-year Change
<i>(In local currency terms)</i>	
Hong Kong	+15%
Australia	-10%
Taiwan	+9%
Singapore	+2%
Malaysia	+22%
Canada	+4%

The Asia-Pacific region recorded modest growth for the first half, amidst such setbacks as the weak economies in Taiwan and Australia. Hong Kong, our biggest market in this region, sustained its growth momentum with bigger stores and better locations. Canada is in the process of developing a strong retail network in the key cities.

Regionally, we have increased our retail space to over 800,000 sq.ft., representing an increase of 12% from end of June 2000. This will provide a good foundation in time for the rebound of the Asia Pacific region.

We continue to lead the charge into China where the market offers immense potential. As at the end of the half-year under review, our joint venture with China Resources Enterprise, Limited which had 82 directly managed points of sale and 300 franchise stores and outlets recorded sales growth of 44%. Our mega-store in Times Square, Shanghai was opened before the Chinese New Year of the Snake, and we plan to set up additional mega-stores in key cities such as Guangzhou and Beijing to tap the buoyant consumer market. We remain excited about prospects in this huge market.

Key Product Lines Performance

Product Lines	Year-on-year Change
<i>(In HKD terms)</i>	
Women's wear (including EDC)	+11%
Men's wear	+10%
Shoes	+57%
Bodywear	+56%

Women's wear continues to be our traditional strength which accounts for 54% of the Group's turnover and grew by about 11% in the first half of this year. Our other product lines are also growing which suggest that the consumers are becoming increasingly attracted to the unique lifestyle that we promote. Our success is partly attributed to our divisionalised approach, where an individual team oversees each product line, with integrated responsibility for product development, design and yield management.

strong financial backing

Our financial condition remains solid with cash on hand and working capital close to HK\$800 million and HK\$600 million respectively as at December 31, 2000, even after aggressive capital expenditure. We will continue our expansion in the distribution network to ensure successful global penetration. We have earmarked over HK\$500 million as capital expenditure for the current financial year and we spent close to HK\$200 million in the first half mainly in opening over 60 new stores worldwide.

The Group has trade finance, short-term loans and overdraft facilities from its banks totaling over HK\$400 million. Outstanding long-term bank borrowings was around HK\$300 million. The Group's net cash position (net of bank borrowings) stood at HK\$488 million as at December 31, 2000.

Our bank borrowings to equity ratio was about 17%, current ratio was at a healthy level of 1.3 and interest cover was 32 times as at December 31, 2000.

During the period under review, the Group continued to enter into foreign exchange forward and options contracts to reduce exposure to foreign currency exchange risks. These contracts were entered into with large reputable financial institutions, thereby minimizing the risk of credit loss. We were able to reduce the euro exchange risk arising from Asian sourcing for our European sales by requiring Asian suppliers to quote prices in euro. As at December 31, 2000, outstanding contracts valued at contracted rates was HK\$235 million.

outlook for the rest of the financial year

We are confident that our growth momentum will continue in the second half as evidenced by the wholesale orders already in hand.

On the retail front, we plan to initially enter the UK market with the mega-store concept to replicate our success in continental Europe. One mega-store is scheduled to open in a premium location on Regent Street, London before the end of June 2001, with a total area of approximately 22,000 sq.ft. This entry will mark the beginning of a major European market push outside the Euroland. Meanwhile, we will continue expanding our global retail distribution networks, with emphasis on our mega-store strategy. Our target to exceed 1.3 million directly managed retail sales footage worldwide at the year-end remains intact.

The launch of our new Active Sports line received overwhelmingly positive market response at its first show at the ISPO exhibition where more than 500 potential wholesale clients indicated their keen interests. Our objective is to become the leading active sportswear brand for women. The new line will be largely divided into four categories: Fitness-Wellness-Training; Sun-Fun-Beach; Winter-Snow-Artic, and Fashion Sports. First deliveries are scheduled for fall 2001. In addition to this



new line, we plan to launch other products through licensees covering a broad range including toys; scents and senses; cutlery and others.

The potential slowdown in the US economy should have minimal impact on our Group as our core markets' growth is relatively much less dependent on US economic performance. Any significant rebound of the euro beyond the current level would provide an extra earnings boost to the Group's full year result. We remain bullish, barring unforeseeable circumstances, in finishing the financial year 2000/2001 with healthy growth and record profits.

INTERIM RESULTS

The Board of Directors of Esprit Holdings Limited (the "Company") is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended December 31, 2000 together with comparative figures for the corresponding period are as follows:

condensed consolidated profit and loss account

		For the six months ended December 31,	
		Unaudited 2000	Unaudited 1999
	Note	HK\$'000	HK\$'000
Turnover	2	3,994,242	3,647,755
Cost of Goods Sold		(2,035,993)	(1,798,796)
Gross Profit		1,958,249	1,848,959
Other Revenues		30,932	30,868
Staff Costs		(557,495)	(544,526)
Depreciation and Amortization		(97,365)	(94,695)
Other Operating Costs		(757,464)	(790,852)
Operating Profit		576,857	449,754
Finance Costs		(17,944)	(20,532)
Share of Profits of an Associated Company		10,360	5,859
Profit before Taxation	3	569,273	435,081
Taxation	4	(258,735)	(185,190)
Profit after Taxation		310,538	249,891
Minority Interests		(37,334)	(38,916)
Profit Attributable to Shareholders		273,204	210,975
Interim Dividend	5	(53,902)	(42,292)
Profit for the Period Retained		219,302	168,683
Earnings per Share			
– basic	6	24.4 cents	19.0 cents
– fully diluted	6	23.7 cents	18.3 cents
Dividend per Share		4.8 cents	3.8 cents

condensed consolidated balance sheet

		Unaudited As at December 31, 2000	Audited As at June 30, 2000
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trademarks		732,281	742,451
Fixed Assets		688,240	596,953
Other Investments		29,327	29,327
Associated Companies		67,514	58,563
Current Assets			
Stocks and work in progress		906,974	735,767
Debtors, deposits and prepayments	7	546,711	656,993
Amounts due from associated companies		4,478	20,623
Short-term bank deposits		91,093	160,538
Bank balances and cash		720,796	574,334
		2,270,052	2,148,255
Current Liabilities			
Creditors and accrued charges	8	845,179	829,537
Proposed dividend		53,874	125,474
Taxation		612,233	464,937
Obligations under finance leases			
– due within one year	9	1,858	1,835
Long-term bank loan			
– due within one year	10	155,988	155,906
Unsecured short-term bank loans		8,730	13,223
Unsecured bank overdrafts		10,713	14,523
		1,688,575	1,605,435
Net Current Assets		581,477	542,820
Total Assets less Current Liabilities		2,098,839	1,970,114
Financed by:			
Share Capital	11	112,087	111,656
Reserves		1,813,631	1,612,722
Shareholders' Funds		1,925,718	1,724,378
Minority Interests		23,892	17,659
Non-Current Liabilities			
Obligations under finance leases	9	959	1,931
Long-term bank loan	10	148,188	226,064
Deferred taxation		82	82
		2,098,839	1,970,114

consolidated cash flow statement (unaudited)

	For the six months ended December 31,	
	2000	1999
	HK\$'000	HK\$'000
Net Cash Inflow from Operating Activities	614,794	549,318
Returns on Investments and Servicing of Finance:		
Interest received	18,915	12,095
Interest paid	(17,811)	(18,008)
Finance charges on finance leases	(133)	(137)
Dividends paid	(123,166)	(110,406)
Distribution to a non-affiliated partner of a limited partnership	(32,555)	(25,559)
Net Cash Outflow from Returns on Investments and Servicing of Finance	(154,750)	(142,015)
Taxation:		
Hong Kong profits tax paid	(45,324)	(29,939)
Overseas tax paid	(51,600)	(55,750)
Tax Paid	(96,924)	(85,689)
Investing Activities:		
Purchase of additional interest in a subsidiary	–	(5,329)
Loan to an associated company	–	(7,840)
Purchase of fixed assets	(196,430)	(158,912)
Proceeds from disposal of fixed assets	2,396	3,730
Net Cash Outflow from Investing Activities	(194,034)	(168,351)
Net Cash Inflow before Financing	169,086	153,263
Financing:		
Net proceeds on issue of shares for cash	10,673	8,038
Repayment of obligations under finance leases	(754)	(1,931)
Repayment of bank loan	(77,966)	(75,709)
Net Cash Outflow from Financing	(68,047)	(69,602)
Increase in Cash and Cash Equivalents	101,039	83,661
Cash and Cash Equivalents at July 1	707,126	542,932
Effect of Change in Exchange Rates	(15,719)	(5,538)
Cash and Cash Equivalents at December 31	792,446	621,055
Analysis of the Balances of Cash and Cash Equivalents		
Short-term Bank Deposits	91,093	125,690
Bank Balances and Cash	720,796	543,678
Short-term Bank Loans	(8,730)	(34,110)
Bank Overdrafts	(10,713)	(14,203)
	792,446	621,055

consolidated statement of recognized gains and losses (unaudited)

	For the six months ended December 31,	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange difference arising on translation of subsidiaries and associated companies not recognized in the profit and loss account	(30,972)	13,009
Profit for the year	219,302	168,683
Total recognized gains and losses	188,330	181,692
Goodwill eliminated directly against reserves	–	(5,962)
	188,330	175,730

Notes to the Financial Statements

1. Accounting policies

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

The accounting policies and methods of computation used in the preparation of Interim Accounts are consistent with those used in the annual accounts for the year ended June 30, 2000.

2. Turnover

The Group is principally engaged in the design, licensing, sourcing, manufacturing, wholesale and retail distribution of high quality apparel and related products under the internationally known ESPRIT brand name in Europe and the Asia Pacific, together with Red Earth cosmetics, skin and general body care products.

The turnover and contribution to operating profit after finance costs by principal activities and geographical markets are as follows:

	Turnover		Operating profit after finance costs	
	6 months ended December 31,		6 months ended December 31,	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Analysis by principal activities:				
Wholesale	2,151,793	1,857,153	387,338	261,120
Retail	1,800,332	1,749,602	147,388	144,982
Others	42,117	41,000	24,187	23,120
	3,994,242	3,647,755	558,913	429,222
Analysis by principal geographical markets:				
Germany	1,916,713	1,700,078	325,459	262,896
Hong Kong	560,054	488,278	49,074	35,408
Belgium and the Netherlands	458,866	406,363	66,399	49,622
Australia and New Zealand	277,193	357,068	13,574	34,647
Taiwan	198,159	179,802	25,213	8,599
Others*	583,257	516,166	79,194	38,050
	3,994,242	3,647,755	558,913	429,222

* Other markets include Austria, Canada, Denmark, Finland, France, Malaysia, Singapore and Sweden.

3. Profit before taxation

	For the 6 months ended December 31,	
	2000 HK\$'000	1999 HK\$'000
Profit before taxation is arrived at after charging the following:		
Depreciation and amortization		
– Owned assets	86,329	83,061
– Assets held under finance leases	866	1,464
– Trademarks	10,170	10,170
Exchange loss	6,379	5,928
Interest on short-term bank loans, overdrafts, and other loans wholly repayable within five years	17,811	20,395
Interest element of finance leases	133	137
Loss on disposal of fixed assets	2,822	3,763

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (1999/2000: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	For the 6 months ended December 31,	
	2000	1999
	HK\$'000	HK\$'000
Company and its subsidiaries:		
Hong Kong Profits Tax	27,040	23,586
Overseas Taxation	230,285	161,255
	257,325	184,841
Associated Company – Overseas Taxation	1,410	349
	258,735	185,190

5. Interim Dividend

	For the 6 months ended December 31,	
	2000	1999
	HK\$'000	HK\$'000
Alignment of 1999/2000 final dividend on 248,000 new shares issued	28	–
Interim dividend declared of 4.8 Hong Kong cents (1999/2000: 3.8 Hong Kong cents) per share	53,874	42,292
	53,902	42,292

The amount provided for the 2000/2001 interim dividend is based on 1,122,368,345 shares (1999/2000: 1,112,942,723 shares) in issue as at January 31, 2001.

6. Earnings per share

The calculation of the basic earnings per share is based on the unaudited profit attributable to shareholders of HK\$273,204,000 (1999/2000: HK\$210,975,000) and the weighted average of 1,120,443,088 ordinary shares in issue (1999/2000: 1,111,716,760) during the period.

The calculation of fully diluted earnings per share is based on the profit attributable to shareholders of HK\$273,204,000 (1999/2000: HK\$210,975,000) and on the weighted average number of shares in issue during the period of 1,120,443,088 (1999/2000: 1,111,716,760) plus the weighted average number of 32,898,227 shares (1999/2000: 39,029,304) deemed to be issued at no consideration on the assumption that all outstanding share options granted under the Company's Employee Share Option Scheme had been exercised at July 1, 2000.

7. Debtors, deposits and prepayments

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

	As at December 31,	As at June 30,
	2000	2000
	HK\$'000	HK\$'000
0-30 days	273,035	345,960
31-60 days	45,217	42,030
61-90 days	7,377	15,982
Over 90 days	22,401	31,786
Total balance	348,030	435,758

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

8. Creditors and accrued charges

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

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
0-30 days	264,348	293,864
31-60 days	21,986	26,618
61-90 days	9,479	6,850
Over 90 days	41,849	31,103
Total balance	337,662	358,435

9. Obligations under finance leases

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
Total minimum lease payment		
– within one year	2,001	2,077
– in the second year	877	1,460
– in the third to fifth year inclusive	150	591
	3,028	4,128
Future finance charges on finance leases	(211)	(362)
Present value of finance lease liabilities	2,817	3,766
The present value of finance lease liabilities is as follows:		
– within one year	1,858	1,835
– in the second year	728	1,369
– in the third to fifth year inclusive	231	562
	2,817	3,766

10. Long-term bank loan

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
Wholly repayable within 5 years		
– unsecured	304,176	381,970
Amount due within one year included under current liabilities	(155,988)	(155,906)
	148,188	226,064
The maturity of the long-term bank loan is as follows:		
– within one year	155,988	155,906
– in the second year	148,188	155,906
– in the third to fifth year inclusive	–	70,158
	304,176	381,970

11. Share capital

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
Authorized:		
2,000,000,000 shares of HK\$0.10 each	200,000	200,000
	Number of Share of HK\$0.10 each '000	Nominal value HK\$'000
Issued and fully paid:		
At July 1, 1999	1,108,622	110,862
Issues of scrip dividend shares	1,771	177
Exercise of share options	6,166	617
At June 30, 2000	1,116,559	111,656
At July 1, 2000	1,116,559	111,656
Issues of scrip dividend shares (Note (a))	310	31
Exercise of share options (Note (b))	3,998	400
At December 31, 2000	1,120,867	112,087

Note (a)

At the annual general meeting of the Company held on November 23, 2000, shareholders of the Company approved a final dividend for the year ended June 30, 2000 of HK\$0.112 per ordinary share of HK\$0.10 each. Shareholders were given the option to receive fully paid new shares in lieu of cash ("Scrip Dividend Scheme"). Under this Scrip Dividend Scheme, 1999/2000 final dividend of HK\$2,336,793 was settled by the issue of 309,509 Scrip Dividend Shares at a premium of HK\$7.45 each.

Note (b)

During the period, 3,998,000 ordinary shares of HK\$0.10 each were issued at a premium in the range of HK\$2.54 and HK\$2.84 in relation to share options exercised by employees under the Share Option Scheme.

12. Operating lease commitments

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Land and buildings		
– within one year	509,085	456,910
– in the second to fifth year inclusive	1,223,753	1,041,498
– after the fifth year	835,293	711,548
	2,568,131	2,209,956
Other equipment		
– within one year	12,773	8,214
– in the second to fifth year inclusive	11,680	6,446
	24,453	14,660

13. Commitments

(a) Capital commitments

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
Contracted but not provided for	31,900	7,432
Authorised but not contracted for	63,800	89,970
	95,700	97,402

(b) Foreign exchange contracts

The notional amounts of the Group's foreign exchange contracts are as follows:

	As at December 31, 2000 HK\$'000	As at June 30, 2000 HK\$'000
Forward contracts	111,854	160,452
Option contracts	123,644	28,765
	235,498	189,217

Foreign exchange contracts, which include forward and options, are entered into primarily to protect the Group from the impact of currency fluctuation during the normal course of business.

14. Related party transactions

In the ordinary course of business and on normal commercial terms, the Group entered into transactions with related companies during the six months ended December 31, 2000. Details relating to these related party transactions are as follows:

	For the six months ended December 31,	
	2000 HK\$'000	1999 HK\$'000
Transactions with Associated Companies		
Sales of finished goods	70,409	57,092
Other income	52	50

INTERIM DIVIDEND

The directors have declared an interim dividend for the six months ended December 31, 2000 of HK4.80 cents per share (1999/2000: HK3.80 cents), payable on or about Friday, May 18, 2001 to the shareholders whose names appear on the Register of Members of the Company at close of business on Tuesday, March 27, 2001 ("Shareholders") with a scrip alternative to offer Shareholders the right to elect to receive fully paid new shares in lieu of cash (the "Scrip Dividend Scheme").

A circular containing details of the Scrip Dividend Scheme together with the relevant election form will be despatched to Shareholders on or about Wednesday, March 28, 2001. The Scrip Dividend Scheme is conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the new shares to be issued pursuant thereto. The relevant dividend warrants and certificates for the new shares to be issued pursuant to the Scrip Dividend Scheme will be despatched to Shareholders on or about Friday, May 18, 2001.

EMPLOYEE AND REMUNERATION POLICIES

As at December 31, 2000, the total number of employee of the Group was about 5,800. Remuneration policies are reviewed by the management on a regular basis. Remuneration packages, including share options, are structured to take into account the comparable level of the market. Training is also provided to improve the calibre of the staff.

DIRECTORS' INTERESTS

As at December 31, 2000, the interests of the Directors, chief executives and their associates in the securities of the Company as recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Ordinary Shares of the Company			Share Options	
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Held as at Dec 31, 2000
Michael Ying Lee Yuen	–	–	649,531,579*	–	15,000,000
Jürgen Alfred Rudolf Friedrich	1,087,866	236,134	146,875,227*	–	–
Surinder Chhibber	5,060,385	–	–	–	9,000,000
Heinz Jürgen Krogner-Kornalik	–	–	–	–	8,000,000
John Poon Cho Ming	–	–	–	–	8,000,000
Connie Wong Chin Tzi	2,781,866	–	–	–	2,000,000

* 502,656,352 shares are held by Great View International Limited which is wholly owned by Mr. Michael Ying Lee Yuen. 146,875,227 shares were held by Worldwide Thousand Limited which was beneficially owned by Mr. Jürgen Alfred Rudolf Friedrich, to which Mr. Michael Ying Lee Yuen was deemed to be interested on the basis of a Deed made between Mr. Michael Ying Lee Yuen, Mr. Jürgen Alfred Rudolf Friedrich and Worldwide Thousand Limited dated March 6, 2000.

* These shares are held by Worldwide Thousand Limited.

Details of share options exercised during the period and outstanding share options as at December 31, 2000 granted to and accepted by the Executive Directors under the Share Option Scheme adopted by the Company on November 17, 1993, in which the Executive Directors can subscribe for shares in the Company at HK\$2.64 to HK\$6.36 per share, are as follows:

Name of Director	As at	Granted	Exercised	Expired	As at
	Jun 30, 2000				Dec 31, 2000
Michael Ying Lee Yuen	15,000,000	-	-	-	15,000,000
Surinder Chhibber	7,000,000	3,000,000	1,000,000	-	9,000,000
Heinz Jürgen Krogner-Kornalik	8,000,000	-	-	-	8,000,000
John Poon Cho Ming	8,000,000	-	-	-	8,000,000
Connie Wong Chin Tzi	3,000,000	-	1,000,000	-	2,000,000

These options were divided into two to eight equal fractional installments. The first exercisable date between each installment shall occur at intervals of six calendar months and expiring on the fifth anniversary of the first exercisable date of each installment or ten years from date of adoption of the Scheme, whichever is earlier. The earliest exercisable date for the first installment shall occur six months after the date of grant.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and at no time during the period under review was the Company or its subsidiaries a party to any arrangements to enable the Directors of the Company 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 December 31, 2000, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be maintained by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of Shareholder	Number of Shares
Great View International Limited	502,656,352
Worldwide Thousand Limited	146,875,227

These interests are also included as corporate interests of Mr. Michael Ying Lee Yuen and Mr. Jürgen Alfred Rudolf Friedrich as disclosed under "DIRECTORS' INTERESTS" above.

Save as disclosed above, no person, other than the Directors of the Company, whose interests are set out in the section "DIRECTORS' INTERESTS" above, had registered any interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, March 22, 2001 to Tuesday, March 27, 2001, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on Wednesday, March 21, 2001.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

SUBSEQUENT EVENTS

During the period from January 9, 2001 to January 15, 2001, Worldwide Thousand Limited ("WTL"), a substantial shareholder of the Company and 99.96% held by Mr. Jürgen Alfred Rudolf Friedrich ("JF"), had disposed 16,110,000 shares of HK\$0.10 each in the Company.

Pursuant to two sale and purchase agreements made between WTL with each of JF and Anke Beck-Friedrich ("ABF"), the spouse of JF, respectively dated January 31, 2001 (the "Transfer"), WTL has transferred all its shares in the Company to JF and ABF and consequently ceased to hold any shares in the Company. JF's beneficial interest in the Company as defined under the SDI Ordinance remains unchanged immediately following the Transfer.

CORPORATE GOVERNANCE

This interim results have been reviewed by the audit committee of the board, which includes two independent non-executive directors.

During the period under review, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
Esprit Holdings Limited
John Poon Cho Ming
Executive Director & Group CFO
Hong Kong, February 28, 2001