



FOR IMMEDIATE RELEASE

## Esprit Interim Results for the six months ended 31 December 2010

- Turnover up 1.6% year-on-year in local currency, with significant improvements in 2Q
- Retail turnover up 8.7% year-on-year in local currency
- Strong growth in second quarter for wholesale business
- Efforts in differentiating product divisions bearing fruits
- Gross profit margin increased 0.9% point to 55.6%
- Effective tax rate down 2.5% points to 19.1%
- Strong cash position of HK\$7.3 billion
- China business starting to accelerate in line with 5-year plan
  - Point-of-sale increased by 7.6% to 1,002
  - Total number of cities increased from 169 to 183
  - China EBIT margin up 5.0% points to 19.7%
- Asia Pacific share in Group turnover increased from 12% to 17%

HONG KONG, 10 February 2011 – Esprit Holdings Limited (SEHK: 00330) today announced interim results for the six months ended 31 December 2010.

The Group recorded a turnover of HK\$17.7 billion representing 1.6% top line growth in local currency driven by strong turnover growth of 5.9% in local currency in the second quarter and consolidation of the turnover from the China subsidiaries. Gross profit margin increased by 0.9% point to 55.6% benefiting from higher retail turnover contribution amounting to 56% of total group turnover. The cash position remained strong at HK\$7.3 billion as at 31 December 2010. The Board of Directors has declared an interim dividend of HK\$1.00 per share (1H FY09/10: HK\$0.74 per share) which is calculated based on the regular dividend policy of 60% of basic EPS.

Mr. Ronald Van der Vis, Group Chief Executive Officer, said “With the acquisition of the remaining equity interest in the former China Joint Venture, China is our new growth engine driving further expansion. China’s turnover grew 3.2% year-on-year in local currency to HK\$1.4 billion, with EBIT margin up 5.0% points year-on-year. China wholesale turnover showed 11% year-on-year growth. Following the successful integration phase, retail comp store growth returned to positive for the six months ended 31 December 2010. We are expanding our existing base of 169 cities as of 30 June 2010 to 183 cities as of 31 December 2010. Total number of POS increased by 7.6% from 931 as at 30 June 2010 to 1,002 as at 31 December 2010.

We are on an exciting journey to create a better and bigger ESPRIT. Our Six Strategic Initiatives are progressing well. New ideas have been developed and they are in the process of being implemented. This ranges from the sharpening of the brand position to create a clearer and consistent handwriting across our product collections, stores and communication, a new process of building our collections, a new sourcing strategy to achieve synergies and savings, as well as a new global, channel-based sales organisation to drive growth. Although not all results of our hard work are visible yet, we are confident to see the full benefits of our strategic agenda to materialise mid-term.”

Mr. Fook Aun Chew, Group Chief Financial Officer, commented, “Despite the adverse weather conditions in Europe, the Group achieved 8.7% retail turnover year-on-year growth in local currency and an improvement in gross profit margin by 0.9% point to 55.6%. The Group continues to maintain a strong balance sheet position with cash and bank balances of HK\$7.3 billion and a net cash position of HK\$4.7 billion as at 31 December 2010.”

The Board announces that Mr Heinz Jürgen Krogner-Kornalik (“Mr Krogner”), the Non-executive Chairman of the Board and Non-executive Director of the Company, has tendered his resignation with effect from 11 February 2011 due to his intended pursuit of other personal commitments.

Following Mr Krogner’s resignation, Dr Hans-Joachim Körber (“Dr Körber”) has been unanimously elected by the Board as the successor of Mr Krogner to act as the Independent Non-executive Chairman of the Board with effect from 11 February 2011. Dr Körber has been an independent non-executive director of the Company since May 2008. Dr Körber was the former chief executive officer of Metro AG for many years until his retirement in 2007. Under his guidance, Metro has grown to become one of the largest retailers in the world. Dr Körber is a well-known executive in the international commercial community with extensive experience in finance & accounting, controlling, logistics and IT, including 23 years experience in retailing.

Mr Krogner confirmed that he has no disagreement with the Board and there are no other matters with respect to his resignation that need to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to express its sincerest gratitude to Mr. Krogner for his valuable contributions to the Company's development and success during his tenure of office and to congratulate Dr Körber on the appointment.

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**ESPRIT HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL DATA**  
(in HK\$ millions, except per share data)

	<b>For the six months ended 31 Dec 2010</b>	<b>For the six months ended 31 Dec 2009</b>
Turnover	17,693	18,475
Gross profit margin	55.6%	54.7%
Operating profit	2,635	3,367
Net profit	2,140	2,705
Cash and bank balances	7,302	7,863
Bank loans	2,600	-
Interim dividend per share	HK\$1.00	HK\$0.74

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Esprit Holdings Limited ([www.espritholdings.com](http://www.espritholdings.com)) is a constituent stock of the Hang Seng Index, MSCI Hong Kong Index, FTSE All-World Index for Hong Kong, S&P/HKEx LargeCap Index and S&P Asia 50 Index. Its subsidiaries are engaged in the retail and wholesale distribution of quality lifestyle products designed under its globally recognised Esprit and edc brands. The Group operates over 1,100 directly managed retail stores worldwide and distribute through more than 12,000 controlled space wholesale point-of-sales internationally, occupying total selling space of over 1,100,000m<sup>2</sup> in more than 40 countries.

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