

Other information

Directors' profile

Executive Directors

Heinz Jürgen KROGNER-KORNALIK, aged 65, Executive Director and Group Chief Executive Officer, became Chairman of the Board effective December 5, 2006. He has been with the Group since January 1995. Mr. Krogner is primarily responsible for the overall corporate direction and strategy of the Group, as well as providing leadership for the management in achieving the goals and targets set by the Board. He possesses a degree in business administration and industrial engineering. He was a consultant with Kurt Salmon Associates in a variety of areas, including production, organization, marketing, strategy and brand positioning, as well as with several textile firms, always in executive positions, before joining the Group.

John POON Cho Ming, aged 52, is Deputy Chairman, Group Chief Financial Officer and Company Secretary. Mr. Poon is primarily responsible for managing the Group's financial and legal functions, including strategic planning and corporate finance, investor relations, accounting and tax, treasury management as well as company secretarial affairs. Prior to joining the Group in December 1999, he held executive directorships in other public companies and has extensive experience in corporate management, corporate finance and legal affairs. Mr. Poon is a qualified solicitor in Hong Kong, England and Wales, and a barrister and solicitor in Alberta, Canada. He graduated from the University of Alberta, Canada with a Bachelor of Arts Degree in Economics and a Bachelor of Laws Degree. He is a council member of the Hong Kong Institute of Certified Public Accountants.

Thomas Johannes GROTE, aged 43, is President Esprit brand. Mr. Grote is responsible for all operational matters in relation to the Esprit brand, including wholesale, retail and licensing business. He completed business college in 1983 and then worked in a German textile printing company for six years. He joined the Group in 1990 as key account manager of the accessories division. He left the Group in 1992 and returned to the Group in June 1996.

Jerome Squire GRIFFITH, aged 49, is President of Esprit North America. Before taking up his current position, Mr. Griffith has years of experience at the Global Business Headquarters in Ratingen, Germany where he was responsible for the global retail operation. Before joining the Group in 2002 he held senior positions in major retail companies in the United States and Europe. He received his Bachelor of Science Degree in Marketing from Pennsylvania State University.

Non-executive Directors

Paul CHENG Ming Fun, aged 70, was appointed an Independent Non-executive Director of the Company in November 2002. Mr. Cheng was a former member of the Hong Kong Legislative Council as well as Chairman of Inchcape Pacific Limited, N M Rothschild & Sons (Hong Kong) Ltd., the Hong Kong General Chamber of Commerce, and the American Chamber of Commerce in Hong Kong. He is currently an Honorary Steward of the Hong Kong Jockey Club and Chairman of The Link Management Limited.

Jürgen Alfred Rudolf FRIEDRICH, aged 68, founded Esprit's European operations in 1976 and was appointed a Non-executive Director in 1997. He has over 32 years of experience in the apparel distribution and marketing business and is currently retired in the United States.

Alexander Reid HAMILTON, aged 65, has been an Independent Non-executive Director of the Company since August 1995. He is also a Director of CITIC Pacific Limited, China Cosco Holdings Company Limited, Shangri-La Asia Limited and a number of other Hong Kong companies. He was a partner of Price Waterhouse with whom he practiced for 16 years.

Raymond OR Ching Fai, aged 57, was appointed an Independent Non-executive Director of the Company in 1996. He is the Vice Chairman and Chief Executive of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited, Cathay Pacific Airways Limited, Hutchison Whampoa Limited, 2009 East Asian Games (Hong Kong) Limited and Chairman of Hang Seng Life Limited.

Michael YING Lee Yuen, aged 57, has been re-designated as a Non-executive Director with effect from December 5, 2006, after serving as Chairman of the Board of Directors for 13 years. Mr. Ying has over 30 years of experience in the apparel industry.

Other information

Directors' interests and short positions in shares, underlying shares and debentures

As at December 31, 2006, 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 (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), were as follows:

(1) Shares of the Company

Name of directors	Capacity	Beneficial interest in shares	Beneficial interest in unlisted underlying shares (Note 4)	Total number of shares	Approximate percentage of aggregate interests to total issued share capital
Heinz Jürgen KROGNER-KORNALIK	Beneficial owner	0	3,800,000	3,800,000	0.31%
John POON Cho Ming	Beneficial owner	1,270,000	2,280,000	3,550,000	0.29%
Thomas Johannes GROTE	Beneficial owner	0	3,120,000	3,120,000	0.25%
Jerome Squire GRIFFITH	Beneficial owner	230,000	2,320,000	2,550,000	0.21%
Jürgen Alfred Rudolf FRIEDRICH	Beneficial owner	79,251,176	0	80,802,077	6.57%
	Interest of a controlled corporation (Note 1)	1,500,000	0		
	Interest of spouse (Note 2)	50,901	0		
Michael YING Lee Yuen	Interest of a controlled corporation (Note 3)	106,208,352	0	106,208,352	8.64%

Notes:

- The shares were held by JAF Foundation of which Mr. Jürgen Alfred Rudolf Friedrich controls 100% share interest.
- The shares were held by Mrs. Anke Beck Friedrich, the spouse of Mr. Jürgen Alfred Rudolf Friedrich.
- The shares were held by HSBC International Trustee Limited, being the trustee of the discretionary trust set up by Mr. Michael Ying Lee Yuen on January 9, 2006. Mr. Ying was deemed to be interested in these shares as founder of the discretionary trust. Details of which are set out in Note 8 of "Substantial shareholders' interests".
- The interests of Directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them pursuant to the 2001 Share Option Scheme are detailed in the "Share options" section below.
- All interests disclosed above represent long position in the shares and underlying shares of the Company.

(2) Share options of the Company

The interests of the Directors and the chief executives of the Company in share options of the Company are detailed in the "Share options" section in the following pages.

Other information

Share options (continued)

	Exercise Price				Number of Share Options						Exercise Price				Number of Share Options				
	Date of Grant (mm/dd/yyyy)	per share (HK\$)	Vesting Date (mm/dd/yyyy)	Exercise Period (mm/dd/yyyy)	As at 07/01/2006	Granted	Exercised	Lapsed	As at 12/31/2006		Date of Grant (mm/dd/yyyy)	per share (HK\$)	Vesting Date (mm/dd/yyyy)	Exercise Period (mm/dd/yyyy)	As at 07/01/2006	Granted	Exercised	Lapsed	As at 12/31/2006
Employees & Consultants	11/26/2002	14.60	11/26/2003	11/26/2003 – 11/25/2008	-	-	-	-	-	12/23/2004	47.10	12/23/2005	12/23/2005 – 12/22/2010	90,000	-	-	-	90,000	
			11/26/2004	11/26/2004 – 11/25/2008	-	-	-	-	-			12/23/2006	12/23/2006 – 12/22/2010	90,000	-	-	-	90,000	
			11/26/2005	11/26/2005 – 11/25/2008	120,000	-	-	-	120,000			12/23/2007	12/23/2007 – 12/22/2010	90,000	-	-	-	90,000	
			11/26/2006	11/26/2006 – 11/25/2008	2,880,000	-	1,596,000	544,000	740,000			12/23/2008	12/23/2008 – 12/22/2010	90,000	-	-	-	90,000	
			11/26/2007	11/26/2007 – 11/25/2008	2,880,000	-	-	544,000	2,336,000			12/23/2009	12/23/2009 – 12/22/2010	90,000	-	-	-	90,000	
	11/26/2003	24.20	11/26/2004	11/26/2004 – 11/25/2009	165,000	-	165,000	-	-	01/21/2005	45.60	01/21/2006	01/21/2006 – 01/20/2011	-	-	-	-	-	
			11/26/2005	11/26/2005 – 11/25/2009	360,000	-	295,000	-	65,000			01/21/2007	01/21/2007 – 01/20/2011	80,000	-	-	-	80,000	
			11/26/2006	11/26/2006 – 11/25/2009	2,620,000	-	1,372,000	408,000	840,000			01/21/2008	01/21/2008 – 01/20/2011	80,000	-	-	-	80,000	
			11/26/2007	11/26/2007 – 11/25/2009	2,620,000	-	-	408,000	2,212,000			01/21/2009	01/21/2009 – 01/20/2011	80,000	-	-	-	80,000	
			11/26/2008	11/26/2008 – 11/25/2009	2,620,000	-	-	408,000	2,212,000			01/21/2010	01/21/2010 – 01/20/2011	80,000	-	-	-	80,000	
	12/23/2003	24.45	12/23/2004	12/23/2004 – 12/22/2009	-	-	-	-	-	11/28/2005	55.11	11/28/2006	11/28/2006 – 11/27/2011	1,080,000	-	435,000	60,000	585,000	
			12/23/2005	12/23/2005 – 12/22/2009	-	-	-	-	-			11/28/2007	11/28/2007 – 11/27/2011	1,080,000	-	-	150,000	930,000	
			12/23/2006	12/23/2006 – 12/22/2009	120,000	-	-	-	120,000			11/28/2008	11/28/2008 – 11/27/2011	1,080,000	-	-	150,000	930,000	
			12/23/2007	12/23/2007 – 12/22/2009	120,000	-	-	-	120,000			11/28/2009	11/28/2009 – 11/27/2011	1,080,000	-	-	150,000	930,000	
			12/23/2008	12/23/2008 – 12/22/2009	120,000	-	-	-	120,000			11/28/2010	11/28/2010 – 11/27/2011	1,080,000	-	-	150,000	930,000	
11/27/2004	42.58	11/27/2005	11/27/2005 – 11/26/2010	1,370,000	-	510,000	-	860,000	12/02/2005	56.20	12/02/2006	12/02/2006 – 12/01/2011	520,000	-	180,000	120,000	220,000		
		11/27/2006	11/27/2006 – 11/26/2010	3,645,000	-	1,697,000	488,000	1,460,000			12/02/2007	12/02/2007 – 12/01/2011	520,000	-	-	120,000	400,000		
		11/27/2007	11/27/2007 – 11/26/2010	3,645,000	-	-	608,000	3,037,000			12/02/2008	12/02/2008 – 12/01/2011	520,000	-	-	120,000	400,000		
		11/27/2008	11/27/2008 – 11/26/2010	3,645,000	-	-	608,000	3,037,000			12/02/2009	12/02/2009 – 12/01/2011	520,000	-	-	120,000	400,000		
		11/27/2009	11/27/2009 – 11/26/2010	3,645,000	-	-	608,000	3,037,000			12/02/2010	12/02/2010 – 12/01/2011	520,000	-	-	120,000	400,000		

Other information

Share options (continued)

	Date of Grant (mm/dd/yyyy)	Exercise Price per share (HK\$)	Vesting Date (mm/dd/yyyy)	Exercise Period (mm/dd/yyyy)	Number of Share Options				
					As at 07/01/2006	Granted	Exercised	Lapsed	As at 12/31/2006
<i>Employees & Consultants (continued)</i>	12/23/2005	56.50	12/23/2006	12/23/2006 – 12/22/2011	90,000	-	-	-	90,000
			12/23/2007	12/23/2007 – 12/22/2011	90,000	-	-	-	90,000
			12/23/2008	12/23/2008 – 12/22/2011	90,000	-	-	-	90,000
			12/23/2009	12/23/2009 – 12/22/2011	90,000	-	-	-	90,000
			12/23/2010	12/23/2010 – 12/22/2011	90,000	-	-	-	90,000
	02/23/2006	64.31	02/23/2007	02/23/2007 – 02/22/2012	140,000	-	-	-	140,000
			02/23/2008	02/23/2008 – 02/22/2012	140,000	-	-	-	140,000
			02/23/2009	02/23/2009 – 02/22/2012	140,000	-	-	-	140,000
			02/23/2010	02/23/2010 – 02/22/2012	140,000	-	-	-	140,000
			02/23/2011	02/23/2011 – 02/22/2012	140,000	-	-	-	140,000
	11/27/2006	80.60	11/27/2007	11/27/2007 – 11/26/2012	-	525,000	-	90,000	435,000
			11/27/2008	11/27/2008 – 11/26/2012	-	525,000	-	90,000	435,000
			11/27/2009	11/27/2009 – 11/26/2012	-	525,000	-	90,000	435,000
			11/27/2010	11/27/2010 – 11/26/2012	-	525,000	-	90,000	435,000
			11/27/2011	11/27/2011 – 11/26/2012	-	525,000	-	90,000	435,000
	12/04/2006	79.49	12/04/2007	12/04/2007 – 12/03/2012	-	255,000	-	-	255,000
			12/04/2008	12/04/2008 – 12/03/2012	-	255,000	-	-	255,000
			12/04/2009	12/04/2009 – 12/03/2012	-	255,000	-	-	255,000
			12/04/2010	12/04/2010 – 12/03/2012	-	255,000	-	-	255,000
			12/04/2011	12/04/2011 – 12/03/2012	-	255,000	-	-	255,000

	Date of Grant (mm/dd/yyyy)	Exercise Price per share (HK\$)	Vesting Date (mm/dd/yyyy)	Exercise Period (mm/dd/yyyy)	Number of Share Options				
					As at 07/01/2006	Granted	Exercised	Lapsed	As at 12/31/2006
<i>Employees & Consultants (continued)</i>	12/05/2006	80.95	12/05/2007	12/05/2007 – 12/04/2012	-	1,136,000	-	-	1,136,000
			12/05/2008	12/05/2008 – 12/04/2012	-	1,136,000	-	-	1,136,000
			12/05/2009	12/05/2009 – 12/04/2012	-	1,136,000	-	-	1,136,000
			12/05/2010	12/05/2010 – 12/04/2012	-	1,136,000	-	-	1,136,000
			12/05/2011	12/05/2011 – 12/04/2012	-	1,136,000	-	-	1,136,000
In aggregate					40,495,000	9,580,000	6,250,000	6,334,000	37,491,000
TOTAL					54,415,000	10,380,000	9,450,000	6,334,000	49,011,000

Notes:

- The closing price of the shares of the Company immediately before the options granted on November 27, 2006, December 4, 2006 and December 5, 2006 were HK\$79.65, HK\$79.65 and HK\$78.70 respectively.
- The weighted average closing price of the shares immediately before the date of exercise by Mr. Heinz Jürgen KROGNER-KORNALIK was HK\$79.45.
- The weighted average closing price of the shares immediately before the date of exercise by Mr. John POON Cho Ming was HK\$79.45.
- The weighted average closing price of the shares immediately before the dates of exercise by the employees and consultants was HK\$79.05.
- No share options were cancelled under the 2001 Share Option Scheme during the interim period under review.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement to enable 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.

Other information

Share option expenses

Share option expenses charged are based on valuation determined using the Binomial model. Share options granted during the period were valued based on the following assumptions:

Date of grant	Option value ¹ (HK\$)	Share price at date of grant (HK\$)	Exercisable price (HK\$)	Expected volatility ²	Annual risk-free interest rate ³	Life of option ⁴	Dividend yield ⁵
November 27, 2006	12.57-21.01	80.00	80.60	28.64%	3.66%-3.79%	2-6 years	1.84%
December 4, 2006	12.16-20.36	78.70	79.49	28.26%	3.49%-3.67%	2-6 years	1.84%
December 5, 2006	12.42-20.81	80.95	80.95	28.38%	3.48%-3.68%	2-6 years	1.84%

1. Since option pricing model requires input of highly subjective assumptions, fair values calculated are therefore inherently subjective and the model may not necessarily provide a reliable measure of share option expense.
2. Estimated volatility was based on the historical stock prices over 1 year preceding the grant date, expressed as an annualized rate and based on daily price changes.
3. The risk-free interest rate was based on the market yield of Hong Kong Exchange Fund notes with a remaining life corresponding to the expected option life.
4. The expected option life was determined by reference to historical data of option holders behaviour.
5. Dividend yield was based on the average dividend yield for the three years preceding the year of grant.

As at December 31, 2006, save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short position (within the meaning of Part XV of the SFO), whether beneficial or non-beneficial, in the shares, underlying shares or debentures of the Company or any of its associated corporation which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were notified to the Company and the SEHK pursuant to the Model Code.

All of the above-mentioned outstanding options are unlisted and represent physically settled equity derivatives.

Other information

Substantial shareholders' interests

As at December 31, 2006, the following shareholders (other than the Directors and chief executives of the Company whose interests and short positions in the shares and underlying shares of the Company as set out above) had interests or short positions in the shares and underlying shares of the Company ("Shares") 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	Approximate percentage of aggregate interests to total issued share capital
JPMorgan Chase & Co.	Interest of controlled corporations (Notes 1 to 3)	158,412,242	12.88%
The Capital Group Companies, Inc	Interest of controlled corporation (Notes 4 and 5)	125,422,900	10.20%
State Street Corporation	Interest of controlled corporation (Notes 6 and 7)	107,579,289	8.75%
HSBC International Trustee Limited	Interest of controlled corporation (Notes 8 and 9)	107,106,917	8.71%

Notes:

1. The Shares held by JPMorgan Chase & Co. were held in the following capacities:

No. of Shares	Capacity
2,437,000	Beneficial Owner
92,320,663	Investment Manager
63,654,579	Custodian corporation/approved lending agent

2. Details of the interest in the 158,412,242 Shares held by JPMorgan Chase & Co. were as follows:

Name	Direct (D)/ Indirect (I) Interests in the Shares of the Company	Aggregate Long Position in Shares	Approximate Percentage of Aggregate Interests to Total Issued Share Capital
JPMorgan Chase Bank, N.A.	D	68,659,079	5.583%
JPMorgan Chase Bank, N.A.	I	2,758,643	0.224%
J.P. Morgan International Inc.	I	2,758,643	0.224%
Bank One International Holdings Corporation	I	2,758,643	0.224%
J.P. Morgan International Finance Limited	I	2,758,643	0.224%
J.P. Morgan Overseas Capital Corporation	I	1,089,643	0.089%
J.P. Morgan Whitefriars Inc.	D	768,000	0.062%
J.P. Morgan International Bank Limited	D	321,643	0.026%
JPMorgan Asset Management Holdings Inc.	I	86,994,520	7.074%
JPMorgan Asset Management (Canada) Inc.	D	4,717,500	0.384%
J.P. Morgan Investment Management Inc.	D	20,060,383	1.631%
JPMorgan Asset Management International Limited	I	15,685,000	1.275%
JPMorgan Asset Management Holdings (UK) Limited	I	15,685,000	1.275%
JPMorgan Asset Management (UK) Limited	D	15,555,500	1.265%
JPMorgan Asset Management Holdings (Luxembourg) S.à r.l.	I	129,500	0.011%
JPMorgan Asset Management Societa di Gestione del Risparmio SpA	D	129,500	0.011%
JPMorgan Asset Management (Asia) Inc.	I	46,531,637	3.784%
JF International Management Inc.	D	809,000	0.066%
JF Asset Management (Singapore) Limited - Co Reg #:197601586K	D	951,000	0.077%
JPMorgan Asset Management (Japan) Limited	D	3,865,000	0.314%
JF Asset Management Limited	D	40,124,137	3.263%
JF Asset Management Limited	I	782,500	0.064%
JF Funds Limited	I	782,500	0.064%
JF Asset Management (Taiwan) Limited	D	782,500	0.064%
J.P. Morgan Securities Ltd.	D	1,669,000	0.136%
J.P. Morgan Chase International Holdings Limited	I	1,669,000	0.136%
J.P. Morgan Chase (UK) Holdings Limited	I	1,669,000	0.136%
J.P. Morgan Capital Holdings Limited	I	1,669,000	0.136%

Other information

Substantial shareholders' interests (continued)

Explanatory Notes:

All the following interests were deemed to be held by the relevant company under SFO. JPMorgan Chase & Co. was deemed to be interested in an aggregate of 158,412,242 Shares held or deemed to be held by: (i) JPMorgan Chase Bank, N.A. (71,417,722 Shares) and (ii) JPMorgan Asset Management Holdings Inc. (86,994,520 Shares), all were wholly-owned by JPMorgan Chase & Co.

- (I) JPMorgan Chase Bank, N.A. directly held 68,659,079 Shares and was also deemed to be interested in an aggregate of 2,758,643 Shares held by the following indirect subsidiaries held through J.P. Morgan International Finance Limited ("JPIF"), a direct wholly-owned subsidiary of Bank One International Holdings Corporation, directly wholly-owned by J.P. Morgan International Inc., directly wholly-owned by JPMorgan Chase Bank, N.A.:
- (a) 768,000 Shares were held by J.P. Morgan Whitefriars Inc., wholly-owned by J.P. Morgan Overseas Capital Corporation, a wholly-owned subsidiary of JPIF;
 - (b) 1,669,000 Shares were held by J.P. Morgan Securities Ltd., 98.95% subsidiary of J.P. Morgan Chase International Holdings Limited, wholly-owned by J.P. Morgan Chase (UK) Holdings Limited, wholly-owned by J.P. Morgan Capital Holdings Limited, wholly-owned by JPIF (effective April 15, 2006); and
 - (c) 321,643 Shares were held by J.P. Morgan International Bank Limited, wholly-owned by J.P. Morgan Overseas Capital Corporation, a wholly-owned subsidiary of JPIF.
- (II) JPMorgan Asset Management Holdings Inc. ("JPAMH") was deemed to be interested in an aggregate of 86,994,520 Shares held by the following subsidiaries :
- (a) 4,717,500 Shares were held by JPMorgan Asset Management (Canada) Inc., directly wholly-owned by JPAMH;
 - (b) 20,060,383 Shares were held by J.P. Morgan Investment Management Inc., directly wholly-owned by JPAMH;
 - (c) 46,531,637 Shares were deemed to be held by JPMorgan Asset Management (Asia) Inc. ("JPAsia"), directly wholly-owned by JPAMH, through the following subsidiaries:
 - (i) 809,000 Shares were held by JF International Management Inc., wholly-owned by JPAsia;
 - (ii) 951,000 Shares were held by JF Asset Management (Singapore) Limited – Co Reg #:197601586K, wholly-owned by JPAsia;
 - (iii) 3,865,000 Shares were held by JPMorgan Asset Management (Japan) Limited, wholly-owned by JPAsia;
 - (iv) 40,124,137 Shares were held by JF Asset Management Limited, wholly-owned by JPAsia; and
 - (v) 782,500 Shares were held by JF Asset Management (Taiwan) Limited, 99.90% subsidiary of JF Funds Limited, wholly-owned by JF Asset Management Limited, wholly-owned by JPAsia.

- (d) 15,685,000 Shares were deemed to be held by JPMorgan Asset Management International Limited ("JPAM"), directly wholly-owned by JPAMH, through the following subsidiaries:
 - (i) 15,555,500 Shares were held by JPMorgan Asset Management (UK) Limited, wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, a wholly-owned subsidiary of JPAM;
 - (ii) 129,500 Shares were held by JPMorgan Asset Management Societa di Gestione del Risparmio SpA, 99.90% subsidiary of JPMorgan Asset Management Holdings (Luxembourg) S.à r.l., wholly-owned by JPMorgan Asset Management Holdings (UK) Limited, a wholly-owned subsidiary of JPAM.

3. All interests disclosed in Note 2 above represent long positions in the Shares of the Company of which 63,654,579 Shares represent lending pool.
4. Details of the interest in the 125,422,900 Shares held by The Capital Group Companies, Inc. were as follows:

Name	Direct (D)/ Indirect (I) Interests in the Shares of the Company	Aggregate Long Position in Shares	Approximate Percentage of Aggregate Interests to Total Issued Share Capital
Capital Research and Management Company	D	122,893,000	9.993%
Capital Guardian Trust Company	D	1,642,900	0.134%
Capital International, Inc.	D	782,000	0.064%
Capital International S.A.	D	105,000	0.009%

Explanatory Notes:

All the following interests were deemed to be held by the relevant company under SFO. The Capital Group Companies, Inc. was deemed to be interested in an aggregate of 125,422,900 Shares held or deemed to be held by the following subsidiaries:

- (i) 122,893,000 Shares were held by Capital Research and Management Company, wholly-owned by The Capital Group Companies, Inc.;
- (ii) 1,642,900 Shares were held by Capital Guardian Trust Company, wholly-owned by Capital Group International, Inc., a wholly-owned subsidiary of The Capital Group Companies, Inc.;
- (iii) 782,000 Shares were held by Capital International, Inc., wholly owned by Capital Group International, Inc., a wholly-owned subsidiary of The Capital Group Companies, Inc.; and
- (iv) 105,000 Shares were held by Capital International S.A., wholly-owned by Capital Group International, Inc., a wholly-owned subsidiary of The Capital Group Companies, Inc.

Other information

Substantial shareholders' interests (continued)

5. All interests disclosed in Note 4 above represent long positions in the Shares of the Company.
6. State Street Corporation was deemed to be interested in 107,579,289 Shares through its 100% interest in State Street Bank & Trust Company.
7. All interests disclosed in Note 6 above represent long positions in the Shares of the Company and all 107,579,289 Shares represent lending pool.
8. Details of the interest in the 107,106,917 Shares held by HSBC International Trust Limited were as follows:

Name	Direct (D)/ Indirect (I) Interests in the Shares of the Company	Aggregate Long Position in Shares	Approximate Percentage of Aggregate Interests to Total Issued Share Capital
Yet Holdings Limited	I	106,208,352	8.636%
Great View International Limited	D	106,208,352	8.636%
HSBC Trustee (Hong Kong) Limited	D	565,000	0.046%
HSBC Private Trustee (Hong Kong) Limited	D	24,000	0.002%
HSBC International Trustee Limited	D	309,565	0.025%

Explanatory Notes:

All the following interests were deemed to be held by the relevant company under SFO. HSBC International Trustee Limited ("HITL"), being the trustee of the discretionary trust set up by Mr. Michael Ying Lee Yuen on January 9, 2006 and other discretionary trusts, was directly interested or deemed to be interested in an aggregate of 107,106,917 Shares. HITL was directly interested in 309,565 Shares. HITL was deemed to be interested in 106,797,352 Shares held or deemed to be held by (i) Yet Holdings Limited ("YETHL") (106,208,352 Shares), 100% controlled by HITL, and (ii) HSBC Trustee (Hong Kong) Limited (565,000 Shares), a wholly-owned subsidiary of HITL, and (iii) HSBC Private Trustee (Hong Kong) Limited (24,000 Shares). HSBC Private Trustee (Hong Kong) Limited is customised/obliged to act in accordance with the directions or instructions of HITL.

- (i) YETHL was deemed to be interested in the 106,208,352 Shares held by Great View International Limited, a wholly-owned subsidiary of YETHL; These interests have also been included as trust interest of Mr. Michael Ying Lee Yuen as disclosed under the "Directors' interests" section above;
- (ii) HSBC Trustee (Hong Kong) Limited directly held 565,000 shares;
- (iii) HSBC Private Trustee (Hong Kong) Limited directly held 24,000 Shares.

9. All interests disclosed in Note 8 above represent long positions in the Shares of the Company.

Save as aforesaid and as disclosed in the "Directors' interests and short positions in shares, underlying shares and debentures" section of this report, 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 December 31, 2006 which were required to be notified to the Company pursuant to Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other information

Interim dividend

The Board of Directors has declared an interim dividend for the six months ended December 31, 2006 of HK\$0.70 per share (FY2005/2006: HK\$0.50). The dividend will be payable on or about Wednesday, April 11, 2007 to the shareholders whose names appear on the Registers of Members of the Company at close of business on Tuesday, March 27, 2007 (“Shareholders”). The relevant dividend warrants will be despatched to Shareholders on or about Tuesday, April 10, 2007.

Closure of registers of members

The Registers of Members of the Company will be closed from Monday, March 26, 2007 to Tuesday, March 27, 2007, 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, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, March 23, 2007.

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, 2006 with the management.

In addition, the Group’s external auditors, PricewaterhouseCoopers, performed an independent review of the interim financial information for the six months ended December 31, 2006 in accordance with International Standard on Review Engagements 2410. On the basis of their review which does not constitute an audit, PricewaterhouseCoopers confirmed in writing that nothing has come to their attention that causes them to believe that the interim financial information has not been prepared, in all material respect, in accordance with IAS 34 “Interim Financial Reporting”.

Human resources

As at December 31, 2006, the Group employed over 9,000 staff (2005: 8,500), after converting to full-time positions terms, 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.

Corporate governance

The Company has 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, 2006, with the exceptions as stated below:

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 do not have a specific term of appointment. However, relevant amendment was made to Bye-law 87 of the Company’s Bye-laws with the approval of shareholders to the effect that all Directors including Non-executive Directors of the Company are subject to retirement by rotation in the annual general meeting of the Company and each Director is effectively appointed under an average term of 3 years.

Other information

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 December 31, 2006.

Terms of reference

The terms of reference of the Audit, Nomination and Remuneration Committees have been formulated with reference to the Code and have been posted on the Company's website (www.espritholdings.com).

By Order of the Board
Esprit Holdings Limited
John POON Cho Ming
Deputy Chairman

Hong Kong, February 7, 2007