

**ESPRIT HOLDINGS LTD:
FOLLOW OUR RULES OR WE'LL CUT YOU OFF!**

Esprit Holdings Ltd () (Code: 330, Main Board, The Stock Exchange of Hongkong Ltd) has terminated all contact and business dealings with one of its former suppliers due to what the public company alleges is the supplier, permitting one of the contractors to employ child labour.

Esprit Holdings Ltd, in its Annual Report for the Financial Year, ended June 30, 2007, states, at Page 50:

'We aim to ensure good workplace standards, health and safety, fair pay, fair employment conditions and care for the environment considerations are met in our supply chain.'

'We want to make sure our suppliers honour the same high standards as we do. We expect our suppliers to comply with our global sourcing policy. We will not tolerate child labour and forced labour. In addition, we will continue to work with our suppliers to improve in the areas of freedom of association, discrimination, health and safety, working hours and wages. We are a member of the Business Social Compliance Initiative (BSCI). The principles of BSCI include the compliance with human rights and minimum social standards. They are also communicated to suppliers worldwide. Social compliance audits are conducted on suppliers and we value suppliers who demonstrate socially, ethically and environmentally responsible practices.'

'We endeavour to deliver our products in a responsible manner e.g. we do not accept animal testing on our skin care and cosmetics products for almost a decade, products are being chemically spot-checked to ensure compliance with applicable legislations such as those on nickel release, etc.'

Faith Garment Ltd (), a company, domiciled in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), appears to have run afoul of the determination of Esprit Holdings Ltd not to permit child labour to be employed in the manufacture, assembling and/or distributing of merchandise that it purchases.

Esprit Holdings Ltd has cut all of its ties with Faith Garment Ltd which, until 2007, was a supplier of garments to a wholly owned subsidiary of Esprit Holdings Ltd, to wit, Esprit Macao Commercial Offshore Ltd ().

In Action Number 1483, lodged in the HKSAR High Court, Faith Garment Ltd is, obviously, very unhappy with its lot and has sued the subsidiary for €642,792.59 (about \$HK7.61 million) and \$HK60,371.11.

In the Statement of Claim, attached to Writ of Summons, Number 1483, Faith Garment Ltd alleges that it had been doing business with Esprit Macao Commercial Offshore Ltd since June 10, 2004, and had, inter alia, signed a purported Agreement to General Conditions of Purchase and Delivery.

Clause 3 of Annex 1 of this Agreement to General Conditions of Purchase and Delivery is alleged to state that:

'The Principal (Esprit Macao Commercial Offshore Ltd) will not use suppliers known to be

using child labor in violation of applicable law, forced labor or corporeal punishment in the manufacture, assembling or distribution of any of the Principal's merchandise. The term "child" generally refers to a person who is younger than the local legal minimum age for employment or if the laws of the country do not provide such a definition or if the definition includes individual below the age of 14, the Principal will define "Child" for the purpose of this policy as any one who is under 14 years of age. The Principal will terminate business relationships with any sources found to utilize such labour.'

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