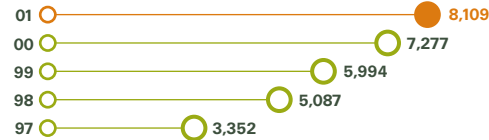
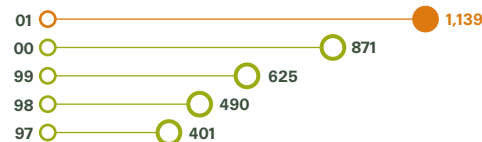


dear shareholder

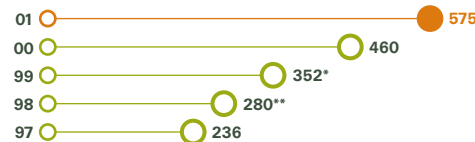
TURNOVER (HK\$ MN)



OPERATING PROFIT (AFTER FINANCE COSTS) (HK\$ MN)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (HK\$ MN)



*before exceptional gain of HK\$78mn

**before exceptional loss of HK\$125mn

Last year was a healthy year for Esprit, a year of continued growth and improvement in most areas of our business. We opened new stores, launched new products and entered into new markets. In number terms, sales went up 11%, net profit grew 25%, and retail space increased by 27%. Our EBITDA margin rose 1.8% points to 16.5%, and net cash on hand grew to about US\$50 million. All in all, we ended our eighth consecutive year of growth with new heights amid a pretty tough global economic environment.

The management is both proud of and grateful for the accomplishment, which represents an upswing in momentum. This momentum provides additional backing as we strive to maintain growth under extremely competitive operating condition.

There is, however, no room for complacency. The management is challenged by the imminent economic hardships after the tragic attacks on September 11 in the U.S.. We have no doubts that our discipline and philosophy will guide us well, as they have in the past. We are even optimistic, if things do not turn out as badly as predicted, that there is a fair chance for us to finish the current financial year with moderate growth.

Yes we have a fair chance. Our company is solid; with substantial net cash on hand and a strong operating cash flow more than sufficient to fund our capital expenditure of approximately US\$50 million this year. We have added and will continue to add many new stores in prime locations worldwide, which guarantee better access to our customers and promote higher brand awareness internationally. Historical margins achieved have been high enough to sustain some margin shrinkage. Last but not least, the performance in our core markets so far has met our pre-911 expectations.

As difficult as it sounds, this tough environment will not last forever, nor will it last a long time. Our short-term strategy may be dictated by the market, but our foundation and long-term conviction for fast growth remain intact.

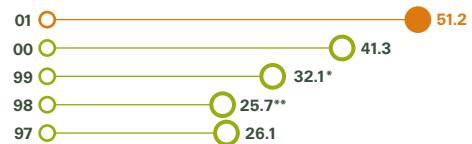
Michael Ying

Chairman

September 26, 2001

EARNINGS PER SHARE (BASIC)

(HK¢)

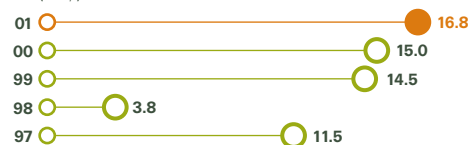


*39.2HK¢ after exceptional gain of HK\$78mn

**14.2HK¢ after exceptional loss of HK\$125mn

DIVIDEND PER SHARE

(HK¢)



SHAREHOLDERS' FUNDS

(HK\$ MN)

