



## chairman's letter

### Dear Shareholders,

This has been a remarkable year for our company financially and a landmark year for Esprit.

Sales increased by 14%, net profit grew by 61%, and our EBITDA margin improved 0.8% point to 17.3%. Cash flow from operations was augmented 51% to HK\$1.6 billion. Overall, it's been our ninth consecutive year of success and we did it despite the tough retail market worldwide.

What makes this year even more exciting for us is the opportunity to re-enter the U.S. The opportunistic timing of the U.S. acquisition presents us with the key to the world's largest consumer market without creating a financial burden. We plan to initially capitalize on our high brand awareness and existing global infrastructure, and team up with local market leaders who understand the U.S. consumers as our partners to ensure success.

Yet, even with the excitement of the enormous U.S. market, we will continue to work diligently to maintain growth in the extremely competitive operating environment as we enter into our tenth year of operation as a listed company. Our strong financial position, coupled with net cash and strong operating cash flow, enable us to continue to expand in our existing markets and to pounce on new growth opportunities, whether in the form of new markets or other brands.

I would like to thank our shareholders for their continued support and my colleagues at Esprit for their part in helping to bring all this about. It is through the dedicated efforts of thousands of team players that we have built Esprit into a strong, healthy company with one consistently focused brand image.

We are constantly evolving as we expand globally, but our consistent philosophy of delivering quality lifestyle products at good value will remain.

**Michael Ying**

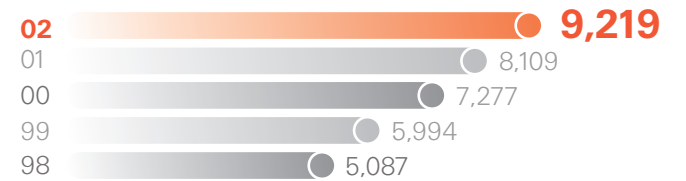
*Chairman*

September 18, 2002



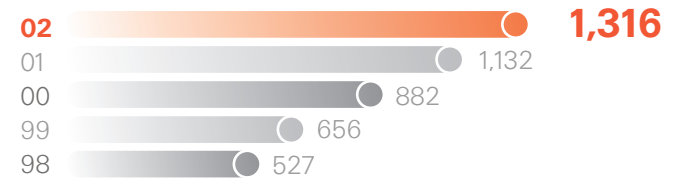
## TURNOVER

(HK\$ MN)



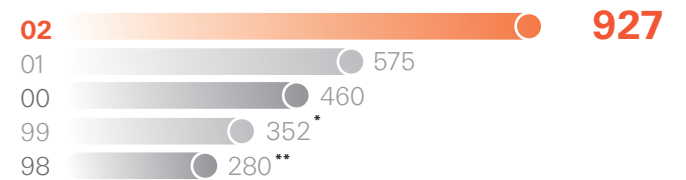
## OPERATING PROFIT (EBIT)

(HK\$ MN)



## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(HK\$ MN)



\*before exceptional gain of HK\$78mn

\*\*before exceptional loss of HK\$125mn