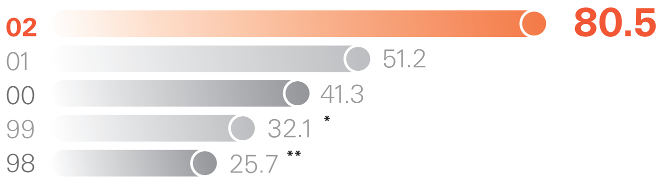
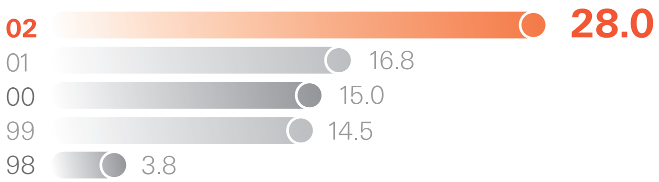
EARNINGS PER SHARE (BASIC)
(HK¢)

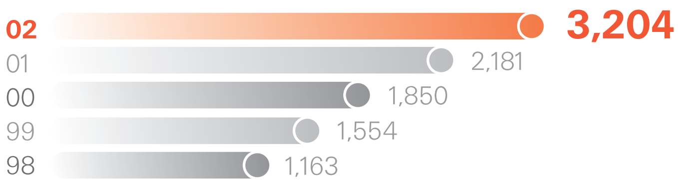


*HK¢39.2 after exceptional gain of HK$78mn
**HK¢14.2 after exceptional loss of HK$125mn

DIVIDEND PER SHARE
(HK¢)



SHAREHOLDERS' FUNDS
(HK$ MN)



All lines of business were profitable... another outstanding year

Esprit had another outstanding year in 2001/2002. Despite a highly competitive operating environment internationally, all lines of business were profitable with growing demand for our products in Europe driving revenue up 13.7% to HK$9.2 billion. Our EBITDA margin improved 0.8% point to 17.3% exceeding our target range of 15-17%. Our effective tax rate was lowered from 44.2% to 27.6% partly through the Group's implementation of better international tax strategies. We ended the year with net profit growth of 61.2% to HK$927.2 million.

Moreover, cash generated from operations increased to HK$1.6 billion from HK$1.1 billion the previous year. The Group ended the year with HK$154 million of net cash after having spent HK$1.2 billion for the asset acquisition of Esprit U.S. including the ESPRIT trademark rights in the U.S. and the Caribbean Islands.

OPERATION MIX OF GROUP TURNOVER

YEAR ENDED JUNE 30, 2002

Wholesale growth was driven by strong demand for the ESPRIT brand

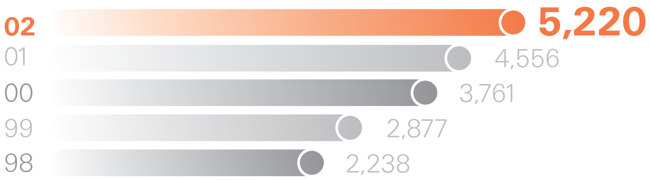
Wholesale

Our wholesale operations, which market our products through major department stores, specialty outlets and franchised stores, increased sales by 14.6% to HK$5.2 billion. In our three largest markets, Germany, Benelux and Hong Kong, the Group recorded 60.2%, 18% and 6.8% of our wholesale revenue respectively. The wholesale growth was driven by strong demand for the ESPRIT brand, particularly in Benelux, France and China, each registering more than 20% increase.

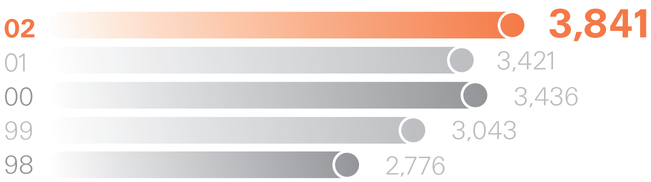
The Group's distribution partners now maintain more than 1,640 franchised shops worldwide, totalling over 1.1 million sq.ft. of sales footage. More than 260 shop-in-stores and franchised shops were added during fiscal year 2001/2002, and we plan to add approximately the same number in the current fiscal year. The launch of the discretionary limit program in Europe in early 2002 was well received and has been introduced to all wholesale customers who maintain floor space dedicated to ESPRIT. The program has made our European wholesale operations more efficient by reducing pre-orders, lead times and inventory.

In Asia Pacific, the ESPRIT brand continues to enjoy growing brand awareness and consumer acceptance. Wholesale sales increased more than 22% mainly due to rising orders from our China associates, in which we own a 49% stake, and our franchisees in the Middle East.

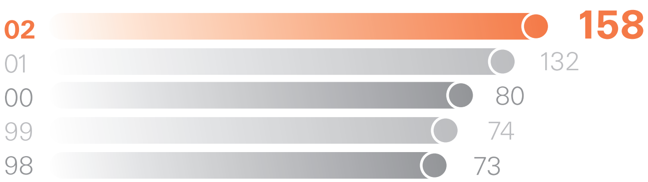
WHOLESALE
(HK$ MN)



RETAIL
(HK$ MN)



LICENSING AND OTHERS
(HK$ MN)



frankfurt


hong kong


oberhausen


sydney

munich

london

hong kong

Increased retail square footage by 16%... secured strategic locations

Retail

Revenues from our self-operated retail stores rose to HK$3.8 billion, an increase of 12.3% over last year. In our three largest markets, Germany, Benelux and Hong Kong, the Group recorded 34.9%, 11.4% and 16% of our retail revenue respectively. Comparable store sales were flat compared to last year as double-digit percentage growth in Europe was offset by the declines in Asia Pacific due to Asia's highly competitive retail environment and adverse economic conditions.

We invested HK$344 million in capital expenditures to increase our directly managed retail square footage by 16.4% to approximately 1.6 million sq.ft. and ended fiscal year 2001/2002 with a total of 495 stores located worldwide. During the year, we opened a flagship store of over 30,000 sq.ft. in Causeway Bay, Hong Kong and a megastore of approximately 25,000 sq.ft. in Frankfurt, Germany. The slowed global economy allowed us to secure strategic locations at lower rates, and allowing greater access to the customers.

The European retail operation is the Group's fastest growing division, registering over 39% turnover growth year-on-year, with the strongest growth in Germany, Benelux and Austria. The success of the injection program introduced in Europe was instrumental behind the strong comp-store-sales-growth in Europe, which led to better merchandise and more full-price sales.

In Asia Pacific, while sales recorded slight decline, all countries of operation achieved growth in the quantity of ESPRIT merchandise sold, reflective of our ability to maintain market share in the tough operating environment.

home

jewel

eyewear

timewear

home

scents + senses

home

home


timewear


home


home

Unification of the global ESPRIT brand... additional licensing and business opportunities

Sourcing

Sourcing plays an integral part in supporting the Group's success, especially in the current highly competitive retail environment. Lowering our costs of goods and shortening delivery cycles without sacrificing quality are essential in sustaining our profitability.

In the course of the past three decades, we have garnered enormous sourcing expertise and established a strong network of over 330 suppliers located throughout Asia Pacific and Europe.

About 50% of products sold in Europe were sourced from Asia Pacific, with the balance sourced from Europe. Our close ties with key suppliers with dedicated production capacities to Esprit enable us to fulfill quick injection orders, which we believe was one of the key factors contributing to the strong comp-store-sales-growth in Europe.

To reduce our expenses, we plan to progressively move our sourcing functions to less expensive areas, such as Shenzhen, China, and shift to lower cost suppliers in Northern China to reduce our costs of goods.

Licensing and others

In addition to wholesale and retail distribution of products, we leverage on our strong ESPRIT brand through our licensing activities and other operations, which together achieved third-party sales growth of 15.1% year-on-year. Our licensing business includes products ranging from bed & bath to watches, spanning over 10 product categories.

Since gaining global control of the ESPRIT trademarks, in addition to assuming more than 5 existing U.S. licensing agreements, Esprit has received accelerated licensing interest from the U.S. for non-core products such as shoes, accessories and kids' wear. Subsequent to the financial year-end, the Group has entered into an agreement with the Nine West Division of the Jones Apparel Group for the manufacturing and distribution of shoes and accessories in the U.S. and with Adjmi Apparel for children's wear.

With the unification of the global ESPRIT brand, the Group intends to explore, even more aggressively, additional licensing and business opportunities by actively identifying suitable partners in new markets, for new product categories and new lifestyle concepts.


shanghai

shanghai

shanghai

Sustained growth in our two largest product divisions, women's and men's wear

Products

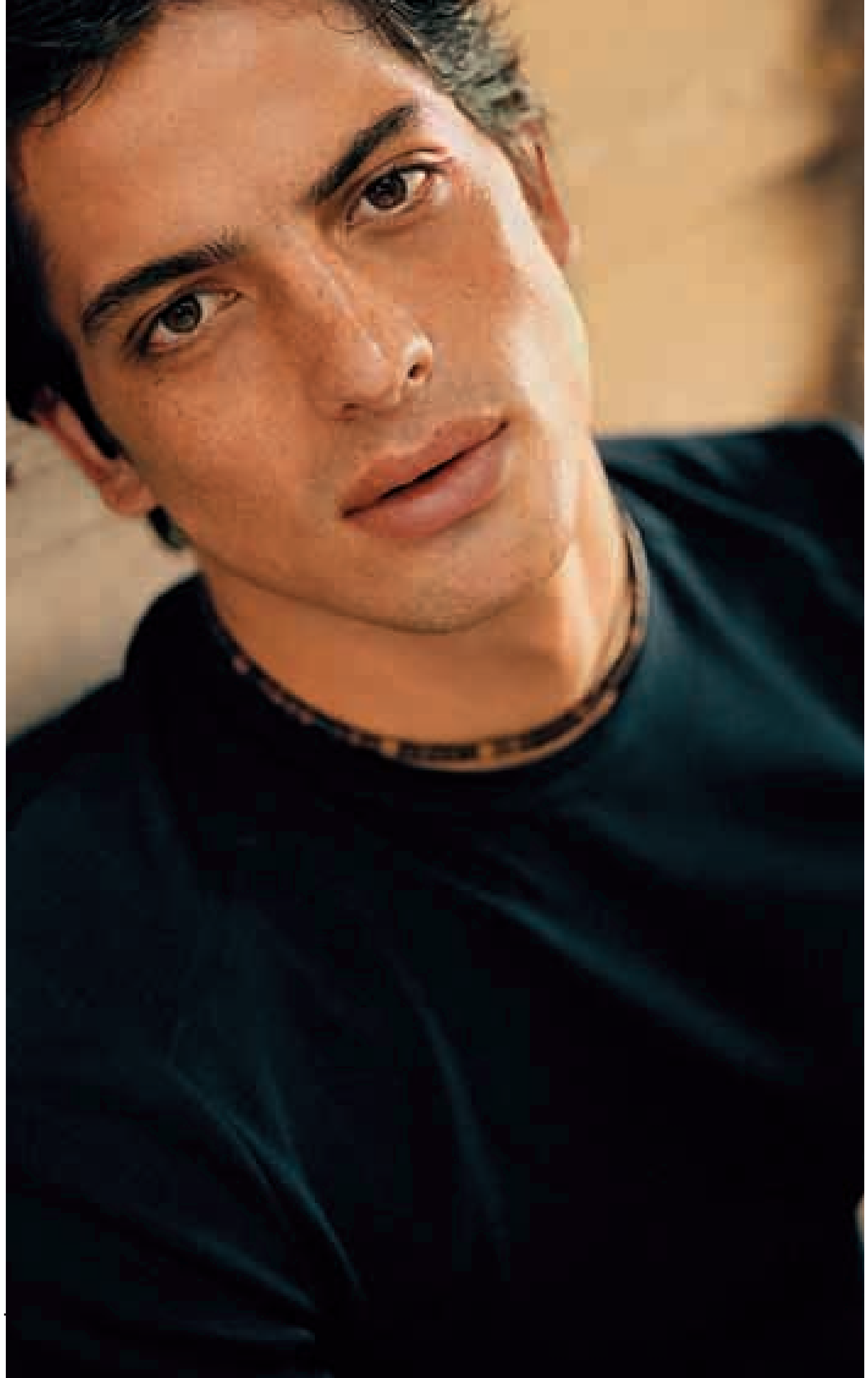
In terms of products, women's wear continued to dominate with 56.7% of the Group's total turnover and a year-on-year growth of 19.2%. Men's wear maintained its second position with 11.5% of the Group's total turnover and a year-on-year increase of 22.1%. In a German independent survey, ESPRIT bodywear, which registered a year-on-year revenue increase of 27.5%, was ranked as one of the top 5 intimate apparel brands. With the exception of the shoes and accessories division recording relatively flat performance over last year, all other ESPRIT product divisions achieved single-digit percentage sales growth in this reporting period. Red Earth products, representing approximately 3% of the Group's total turnover, suffered a year-on-year decrease in sales of about 15% and are being revitalized since our acquisition of full ownership and management control of the brand at the end of 2001.

Associates in China

Our profitable associates in China continues to show strong upward growth and recorded a year-on-year increase of more than 30% in turnover.

The China associates now have over 490 franchised shops in major cities throughout China, a net increase of 130 shops over last year. Plans for the year ahead include working with our franchise partners to maintain a consistent brand image along with a high customer service standard, and to shorten the inventory cycle to improve cash flow.

The China associates now have over 100 directly managed retail stores in Beijing, Shanghai and Dalian with more than 165,000 sq.ft. of retail space. To meet the rising expectations of China's middle class, we are upgrading our shop image, environment and services for a better shopping experience. We believe our dedications will be rewarded with customer loyalty.




distribution network

AS AT JUNE 30, 2002		DIRECTLY MANAGED STORES SALES FOOTAGE (SQ.FT.)	DIRECTLY MANAGED STORES NO. OF STORES	SHOP-IN-STORES AND FRANCHISED SHOPS SALES FOOTAGE (SQ.FT.)	SHOP-IN-STORES AND FRANCHISED SHOPS NO. OF SHOPS
total		1,587,732	495	1,149,507	1,640
by region:	europe	697,927	121	968,111	1,341
	asia pacific*	889,805	374	181,396	299
in europe:	germany	452,606	75	709,436	1,032
	belgium	66,822	10	17,617	10
	the netherlands	80,252	22	81,232	53
	denmark	13,787	2	5,004	15
	great britain	37,473	2	–	–
	france	25,129	8	41,724	107
	austria	21,858	2	95,567	80
	others	–	–	17,531	44
in asia pacific:	australia (incl new zealand)	254,274	156	–	–
	hong kong (incl macau)*	218,507	41	–	–
	canada	193,863	39	–	–
	taiwan	112,099	109	–	–
	singapore	72,781	21	–	–
	malaysia	38,281	8	–	–
	others	–	–	181,396	299
net increase (vs 2001)		**223,152**	**10**	**283,251**	**262**
china associates		165,478	101	338,584	491
net increase (vs 2001)		29,245	12	129,041	130

*excluding china associates

group turnover by product divisions

WOMEN'S WEAR
(HK$ MN)

02	5,228
01	4,387
00	3,865
99	3,246
98	2,971

SHOES AND ACCESSORIES
(HK$ MN)

02	1,338
01	1,344
00	1,243
99	1,132
98	987

MEN'S WEAR
(HK$ MN)

02	1,061
01	869
00	763
99	522
98	448

BODYWEAR
(HK$ MN)

02	213
01	167
00	117
99	29

KIDS' WEAR
(HK$ MN)

02	747
01	713
00	688
99	687
98	529

RED EARTH
(HK$ MN)

02	267
01	316
00	400
99	311
98	91

breakdown of group turnover

FOR THE YEAR ENDED JUNE 30	2002	2001	2000	1999	1998
OPERATION MIX (%)					
wholesale – europe	53	52	47	43	41
wholesale – asia pacific	4	4	5	5	3
retail – europe	22	18	18	20	22
retail – asia pacific	20	25	29	31	33
licensing and others	1	1	1	1	1
GEOGRAPHICAL MIX (%)					
germany	49	48	45	44	43
benelux	15	12	11	12	11
hong kong	12	14	15	13	15
other asia pacific countries	13	16	20	24	21
other european countries	10	9	8	6	6
u.s. and others	1	1	1	1	4
PRODUCT MIX (%)					
women's wear	57	54	53	54	59
shoes & accessories	15	16	17	19	19
men's wear	11	11	11	9	9
kids' wear	8	9	10	11	10
red earth	3	4	6	5	2
others*	6	6	3	2	1

* includes salon, café, bodywear, bed & bath, homeware & other licensed products like timewear, eyewear, jewelry, etc.


red earth

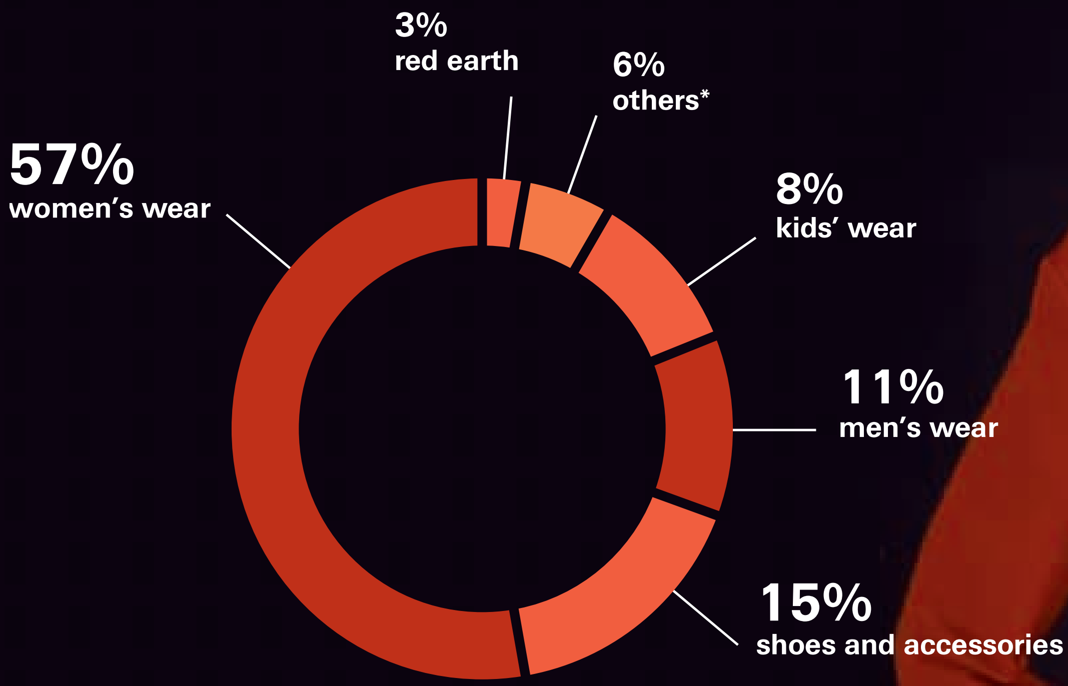

red earth


red earth


red earth

GROUP TURNOVER BY PRODUCT DIVISIONS

YEAR ENDED JUNE 30, 2002



* includes salon, café, bodywear, bed & bath, homeware & other licensed products like timewear, eyewear, jewelry, etc.

esprit sports

Prospects

Fiscal year 2001/2002 was an exceptional year for the Group, one that unified the ESPRIT brand globally and laid the foundation for our future growth for many years ahead.

As a new initiative, we will increase our women's wear collection from six to twelve a year, cutting product development lead times by approximately three months and allowing speedier response to the market. This is expected to result in more trend-right merchandise and more full-price sales. For fiscal year 2002/2003, we have budgeted HK$400 million to open 38 new stores. Total retail square footage is expected to increase by 14% to over 1.8 million sq. ft., with most additions to be made across Europe. We will continue to focus on further growth in North America, Benelux, U.K. and China. Towards these efforts we have strengthened our management team, bringing seasoned retail, licensing, and other professionals on board.

In Europe, signs of slowing economies in some of our key markets may affect our growth momentum. We are also aware of the pricing pressures present in our major markets; yet we believe that our business strategy together with the brand's growing popularity will continue to win us market share without sacrificing margins. Furthermore, the recent appreciation of the Euro will allow us to pass on some currency differential savings from sourcing to our customers and become more competitive. Amid the poor retail environment, we remain cautious for our Asia Pacific operations, anticipating revenue to be stable and working to improve our margins.

In North America, management plans to initially capitalize on our high brand awareness and leverage on our existing global infrastructure to minimize capital commitment. We will approach the massive U.S. consumer market via a wholesale strategy to achieve a meaningful nationwide rollout by forming partnerships with leading department stores, such as Macy's. For our non-core products, we are teaming up with local market leaders with multi-channel distribution capabilities, such as Nine West and Adjmi, as our licensees. Our Canadian operations will be integrated into the North American management structure and will extend into wholesale. Approximately US$100 million of turnover from North America is targeted for fiscal year 2003/2004 as we gradually build up our experience in the continent. Management is confident that North America will become one of our major markets in our next era of growth.

Maintaining our leading positions while exploring new horizons

5-year key financial and performance data

FOR THE YEAR ENDED JUNE 30	2002	2001	2000	1999	1998
OPERATING RESULTS (HK$ MN)					
turnover	9,219	8,109	7,277	5,994	5,087
EBIT	1,316	1,132	882	656	527
profit attributable to shareholders*	927	575	460	352	280
PER SHARE DATA (HK¢)					
earnings per share — basic*	80.5	51.2	41.3	32.1	25.7
dividend per share**	28.0	16.8	15.0	14.5	3.8
book value per share	2.7	1.9	1.7	1.4	1.1
KEY STATISTICS (HK$ MN)					
shareholders' funds	3,204	2,181	1,850	1,554	1,163
working capital	1,073	615	668	606	439
cash position (net of overdraft)	934	388	707	543	382
term loans	780	–	395	551	699
OTHER DATA					
number of directly managed stores	495	485	472	446	432
directly managed sales footage (SQ FT)	1,587,732	1,364,580	1,075,403	867,335	714,263
monthly sales per square foot (HK$)	285	310	386	401	387
capital expenditure (HK$ MN)	344	512	323	257	181
number of employees	5,936	5,954	5,208	4,471	4,257
KEY RATIOS					
ROE*# (%)	34.4	28.5	27.0	25.9	23.7
ROA*^ (%)	20.0	16.1	13.8	11.8	9.6
debt to equity*** (%)	25.9	2.7	22.4	36.6	64.7
net debt to equity (%)	net cash	net cash	net cash	net cash	24.7
interest cover (times)	96.2	30.8	24.0	14.0	9.6
current ratio (times)	1.6	1.5	1.5	1.5	1.4
inventory turnover**** (days)	64	64	67	72	71
EBITDA margin (%)	17.3	16.5	14.7	13.7	13.4
EBIT margin (%)	14.3	14.0	12.1	10.9	10.4

* calculated before profit or loss on listed investment held for long term (HK$78mn exceptional gain for FY1999, HK$125mn exceptional loss for FY1998)
** calculated after the HK5 cents special dividend for FY 2002
\# calculated based on net earnings as a percentage of average shareholders' equity
^ calculated based on net earnings as a percentage of average total assets
*** debt refers to all interest bearing borrowings
**** calculated as average inventory (excluding consumables) over average daily cost of goods sold for the year