all business segments profitable with double-digit sales growth

The Group has achieved a decade of consecutive growth. Group turnover grew by 34.3% year-on-year to reach HK$12.38 billion. Our operating profit (EBIT) increased by 30.7% to HK$1.72 billion. Profit attributable to shareholders increased 27.9% year-on-year to HK$1.19 billion. Turnover from key product categories, lines of business and continents with operations have all recorded growth.

WHOLESALE* (HK$ MN)

FY02/03	7,070
FY01/02	5,220
FY00/01	4,556
FY99/00	3,761
FY98/99	2,877

RETAIL* (HK$ MN)

FY02/03	5,107
FY01/02	3,841
FY00/01	3,421
FY99/00	3,436
FY98/99	3,043

LICENSING AND OTHERS* (HK$ MN)

FY02/03	204
FY01/02	158
FY00/01	132
FY99/00	80
FY98/99	74

* Turnover from third parties excluding inter-segment revenue

wholesale

Our wholesale business continued to grow in double-digits during the year. Turnover grew by 35.4% to HK$7.07 billion (FY2001/02: HK$5.22 billion). Germany remained our largest wholesale market and recorded 25.8% growth. We have also successfully diversified into Benelux, France and Scandinavia, each of which achieved over 50% increase in turnover. The main reason for our remarkable wholesale performance was our continued triumph in gaining wholesale partners' confidence through the consistent profitability offered by ESPRIT merchandises. Success in cross-selling our progressively diversified product lines, evident in men's wear wholesale turnover growth of 56.2%, also contributed to outstanding results in FY2002/03.

During the year, the number of shop-in-stores in department stores, stand-alone partnership stores and identity corners in multi-label stores increased to over 1,700, 400 and 3,300, totaling over 78,000 m^2, 64,000 m^2 and 68,000 m^2 in selling space respectively. Another channel of wholesale distribution involved country distributors, such as China and Switzerland which have delivered promising results. Our China joint venture has over 600 point-of-sales, totaling over 53,000 m^2. This combination of our different wholesale formats enabled us to flexibly and speedily penetrate into various locations and markets without major capital commitment.

Breakdown of Wholesale Turnover

Market	Germany	Benelux	France	Scandinavia	Austria	Others
% of wholesale turnover	55.9%	20.2%	6.6%	5.1%	5.0%	7.2%
% point(s) difference (FY2002/03 vs. FY2001/02)	-4.3% pts	+2.2% pts	+1.7% pts	+0.8% pt	-0.1% pt	-0.3% pt
% growth from last year	+25.8%	+52.1%	+80.2%	+61.8%	+33.8%	+29.8%

Key Wholesale Distribution Channels
(as at June 30, 2003)

	partnership stores			shop-in-stores			identity corners/others		
	no. of stores*	sales area (sq.m.)	net change in sales area (%)	no. of stores*	sales area (sq.m.)	net change in sales area (%)	no. of units	sales area (sq.m.)	net change in sales area (%)
europe									
germany	106	23,253	+71.6%	1,189	60,822	+16.1%	2,264	45,352	+29.0%
belgium	29	5,368	+153.0%	33	1,451	n.a.	282	6,336	+22.9%
the netherlands	55	8,847	+30.9%	8	329	+8.6%	272	6,159	+34.4%
france	33	3,340	+175.4%	180	4,948	+85.7%	134	3,303	+65.2%
austria	55	8,981	+36.0%	38	2,261	-0.7%	63	1,309	-13.1%
scandinavia	5	1,998	n.a.	57	2,573	+22.9%	359	5,268	+42.0%
others	–	–	–	–	–	–	14	387	-11.6%
asia									
thailand	19	1,317	-54.4%	52	1,443	-13.5%	–	–	–
philippines	12	1,114	+13.3%	20	791	-2.8%	–	–	–
korea	4	385	n.a.	17	1,050	+42.9%	–	–	–
japan	17	440	-16.8%	36	111	no change	–	–	–
dubai	14	701	+8.5%	–	–	–	–	–	–
middle east	31	4,655	+94.4%	15	1,306	+6.6%	–	–	–
others	34	3,858	+9.0%	73	1,466	+6.9%	–	–	–
north america									
u.s.	–	–	–	2	77	n.a.	264	–**	–
china***	89	14,306	-11.7%	584	39,533	+29.2%	–	–	–

* include Esprit & Red Earth stores
** sales area not available
*** managed by China joint venture or its franchise partners
n.a. = not applicable, stores opened in FY2002/03

wholesale turnover up 35% ... significant growth in european markets

retail

Our retail operation achieved 33.0% turnover growth to HK$5.11 billion (FY2001/02: HK$3.84 billion) amid challenging operating environment. Instrumental to this growth was the combined effect of a 6.9% comparable-store sales growth and a 9.2% increase in the Group's net sales per square meter. Europe led all other regions in comparable-store growth and recorded a 14.1% increase over last year. In spite of charges and provisions for retail space restructuring in Hong Kong, U.K. and Canada, operating profit for this business segment remained flat. In FY2002/03, we have successfully improved inventory turnover and reduced markdowns through better merchandising, demand-driven pricing, and inventory management.

During the year, we invested HK$231.1 million in capital expenditure to increase our net directly managed retail floor space by 11,049 m^2, representing a 7.8% growth, to 152,108 m^2, and ended the fiscal year with a total of 569 directly managed retail stores worldwide. The majority of the new space opened was in Germany where we were able to take advantage of the adverse market conditions by securing favorable locations at reasonable costs.

Breakdown of Retail Turnover

Market	Germany	Benelux	Australasia	Hong Kong	Others
% of retail turnover	45.9%	11.8%	11.4%	11.2%	19.7%
% point(s) difference (FY2002/03 vs. FY2001/02)	+11.0% pts	+0.4% pt	-2.1% pts	-4.8% pts	-4.5% pts
% growth from last year	+74.8%	+36.8%	+12.5%	-6.8%	+8.5%

retail sales up 33% amid challenging environment

Retail Distribution Channel
(as at June 30, 2003)

	directly managed stores		
	no. of stores*	sales area** (sq.m.)	net change in sales area*** (%)
europe			
germany	85	53,323	+26.8%
the netherlands	24	8,716	+16.9%
belgium	10	6,089	-1.9%
austria	3	3,090	+52.1%
france	9	2,636	+12.9%
great britain	1	2,094	-39.9%
denmark	2	1,281	no change
asia			
hong kong (incl. macau)	65	18,363	+10.1%
taiwan	110	7,360	-16.7%
singapore	35	5,391	-20.2%
malaysia	15	2,481	-23.3%
australasia			
australia (incl. new zealand)	158	23,627	+4.2%
north america			
canada	52	17,657	-2.0%

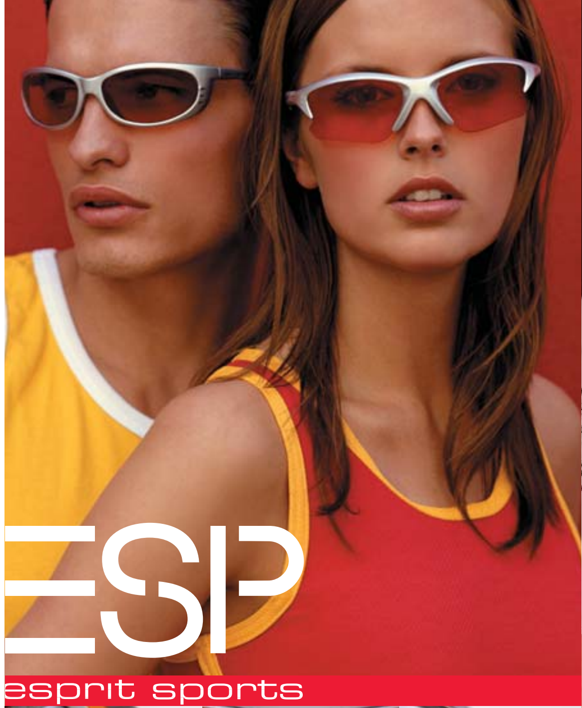
* include Esprit & Red Earth stores.
** as part of our effort to unify our global reporting system, we have redefined the meaning of sales area and store count and began using sq.m. as the measurement unit for sales area.
*** versus balance as at June 30, 2002.

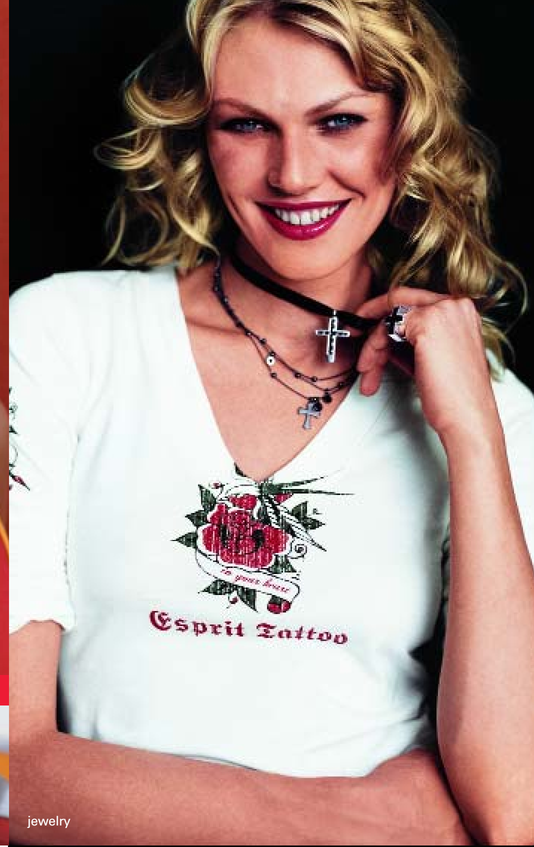
licensing activities compliment brand penetration worldwide

licensing

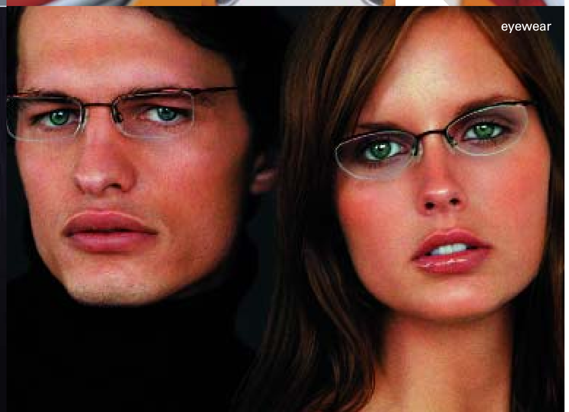
Since global unification of the brand, we have committed additional resources to grow the licensing business. Our increased licensing acitivities have further complimented our brand penetration worldwide. Product license partners distributed ESPRIT licensed products through their own distribution channels, such as department stores and specialty stores, some of which also distribute our other lines of products such as women's or kids' wear. Our U.S. market was the main growth factor in this business segment with 5 new U.S. licenses granted between May 2002 and June 2003.

Licensing has now become a strategic element in the future plans of the Group. We currently have more than 20 product license partners offering merchandises in over 20 categories, including eyewear, jewelry, timewear and footwear. We have also put together a strong team of people with great experience both in our brand and in licensing to execute strategies complimentary to our global image.






timewear


eyewear


jewelry

scents + senses

KEY LICENSED PRODUCT CATEGORY	GEOGRAPHICAL COVERAGE			
	europe	asia	australasia	north america
baby carriages	√			
bags				√
bed & bath	√	√		
belts				√
duvet	√			
eyewear	√	√	√	√
flatware	√			
footwear				√
fragrance	√	√	√	√
golf		√		
homeware	√			
kids' wear				√
jewelry	√	√	√	√
outerwear				√
sleepwear				√
socks & tights	√			√
swimwear				√
timewear	√	√	√	√
umbrellas	√			
winter accessories				√

WOMEN'S WEAR (HK$ MN)

FY02/03	7,193
FY01/02	5,228
FY00/01	4,387
FY99/00	3,865
FY98/99	3,246
FY97/98	2,971
FY96/97	2,061
FY95/96	1,098
FY94/95	849
FY93/94	726

MEN'S WEAR (HK$ MN)

FY02/03	1,622
FY01/02	1,061
FY00/01	869
FY99/00	763
FY98/99	522
FY97/98	448
FY96/97	298
FY95/96	211
FY94/95	221
FY93/94	136

KIDS' WEAR (HK$ MN)

FY02/03	982
FY01/02	747
FY00/01	713
FY99/00	688
FY98/99	687
FY97/98	529
FY96/97	231
FY95/96	36
FY94/95	4
FY93/94	22

SHOES AND ACCESSORIES (HK$ MN)

FY02/03	1,545
FY01/02	1,338
FY00/01	1,344
FY99/00	1,243
FY98/99	1,132
FY97/98	987
FY96/97	680
FY95/96	384
FY94/95	349
FY93/94	223

RED EARTH (HK$ MN)

FY02/03	260
FY01/02	267
FY00/01	316
FY99/00	400
FY98/99	311
FY97/98	91
FY96/97	44
FY95/96	39
FY94/95	34
FY93/94	23

OTHERS (HK$ MN)

FY02/03	779
FY01/02	578
FY00/01	480
FY99/00	318
FY98/99	96
FY97/98	61
FY96/97	38
FY95/96	17
FY94/95	16
FY93/94	15

double-digit turnover growth across key product categories

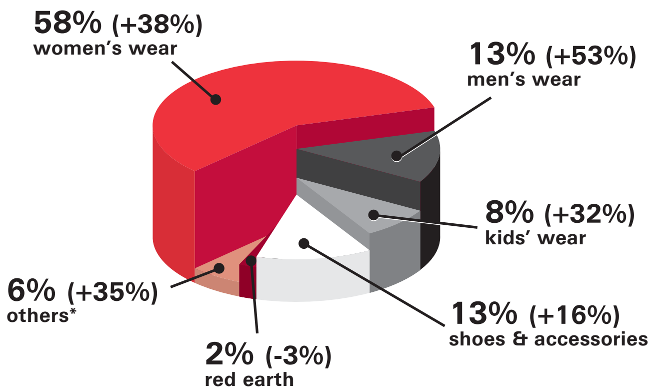
products

Key product categories achieved double-digit turnover growth. Women's wear continued to be our major contributor, making up 58.1% of our total turnover and recording 37.9% year-on-year growth. Men's wear was the best performer in terms of sales growth among all product categories, recorded 52.9% year-on-year growth and accounted for 13.1% of the Group's turnover.

The outstanding sales performance was attributable to the alignment of local management team in executing global product strategy and the implementation of 12 collections-year and injection ordering. These factors gave rise to better market-driven products at the right time and generated healthy sales. Our focus remains in offering high quality products at fair prices. On the back of strong euro, we passed on some of the cost savings from better sourcing to our customers through lower prices or enhanced product quality.

GROUP TURNOVER BY PRODUCT DIVISION

year ended june 30, 2003



( ) represents year-on-year sales growth

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

BREAKDOWN OF GROUP TURNOVER*

FOR THE YEAR ENDED JUNE 30	2003	2002	2001	2000	1999
OPERATION MIX (%)					
wholesale	57	57	56	52	48
retail	41	42	42	47	51
licensing and others	2	1	2	1	1
PRODUCT MIX (%)					
women's wear	58	57	54	53	54
men's wear	13	11	11	11	9
kids' wear	8	8	9	10	11
shoes & accessories	13	15	16	17	19
red earth	2	3	4	6	5
others**	6	6	6	3	2
GEOGRAPHICAL MIX (%)					
europe	80	74	70	65	63
asia	13	18	21	24	24
australasia	5	6	7	9	10
north america and others	2	2	2	2	3

* excludes inter segment revenue

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

prospects

Our targets for FY2003/04 are to continue delivering double-digit top and bottom line growth. To achieve these goals, we are going to further leverage on the success of our European operations, halve the retail losses in Hong Kong, U.K. and Canada and deepen our market penetration into North America.

The ESPRIT brand and products, as well as our global distribution channels, remain our focus. In September 2003, we have launched a global image campaign to further nurture our most valuable assets. In addition, we will continue to strengthen our brand dominance in continental Europe.

On the products front, we are focusing on getting the right product to the right location at the right time. We will continue to enhance the breadth and quality of our global offerings to cater to the needs of our markets and further improve our products' price-quality correlation. A new position of International Product Director has already been created to orchestrate and coordinate these plans. Another initiative was the product re-launch exercise in September 2003 in Hong Kong. In addition to product betterment, we will facilitate our successful licensees to enter other markets, further diversifying our offerings in the global marketplace.

Our other main focus is the development of our global distribution network. Europe will remain the growth driver for FY2003/04. Additional space is already booked to begin operation in FY2003/04, including 500 new shop-in-stores in department stores, 100 new stand-alone partnership stores, and around 24,000 m^2 of directly managed retail space. We feel that we have accumulated enough knowledge of the U.K. market to accelerate its retail and wholesale development. New stores will be opened around the central London area and we have already started wholesaling in the U.K..

The next phase of channel development in North America will begin as we extend our U.S. distribution network beyond department stores into free-standing retail stores. We have accelerated our entrance into the retail business and planned to open around 5 retail stores in the U.S. by the end of 2004, subject to availability of suitable store locations. Roll-out of wholesale shop-in-stores will continue with the expansion to other channels including independent and chain stores in the U.S.. Moreover, we are making plans to introduce e-shop, our online store that is already yielding good return in Europe, to the U.S. in the second half of 2004. In Canada, we target to launch wholesale in FY2003/04.

with the right strategy… more growth is still ahead…

In Asia, we will continue our retail space restructuring as well as improvement in store displays and layouts. We are also stepping up efforts to grow our wholesale business within the region. Furthermore, Esprit's joint venture business in China is recovering from the impact of Severe Acute Respiratory Syndrome ("SARS") and is set for further growth.

As for Australasia, we will focus our attention on achieving comparable store growth and strengthening brand penetration in New Zealand.

We have budgeted around HK$600 million in capital expenditure for FY2003/04, of which approximately HK$400 million is for opening new stores and upgrading existing ones primarily located in Europe. We will also dedicate around HK$90 million for implementation of IT systems mainly for merchandise planning and retail management, to facilitate our global unification as well as to enhance productivity and efficiency. Another HK$100 million has been allocated for furnishing new showrooms and our global business headquarter in Ratingen, Germany due to open in October 2003.

With our major markets in varying stages of advancement, each promising exciting opportunity into the future, we believe that we will remain on track to expand internationally, both in market penetration and in brand recognition.