

chairman's letter

Fiscal 2003/2004 was another successful year for our company as we continue to deliver superior financial results.

Group turnover grew 32% to over HK\$16 billion, while net profit rose 55% to HK\$2 billion as a result of strong margin expansion. Basic earnings per share grew by 54% to HK\$1.68 from HK\$1.09 last year. Cash flow from operating activities was again very strong; net cash on hand increased by HK\$437 million to approximately HK\$1.8 billion. The Board proposed to increase total dividend per share for the year by 67% to HK\$1.17.

Our performance reflected the strength of our brand, consumer acknowledgement of our quality products, our effective global distribution channels and consistent execution by our management.

As a brand, we strengthened our positioning, products and distributions, in the area of quality, freshness, and internationality. As a company, we successfully transformed into a stronger and more international organization that is capable of supporting our brand's development in the long-run and allows us to capitalize on global growth opportunities.

We have built a unique business model on a solid foundation established 35 years ago. While we had a truly remarkable year, we continue to be thrilled about the outlook for Esprit, which is driven by our strong organic growth. In Europe, we will expand our market-leading position even further. In Asia, we will continue to revive profitability. And in North America, we will carefully position our operations for healthy long-term growth.

I thank our Shareholders and our Board for their support and our management, staff and business partners for their efforts in generating yet another spectacular year. On behalf of the Board, I extend my warmest welcome to Jerome Griffith on joining the Board and congratulate John Poon on his appointment as Deputy Chairman. I also thank both Chhibber Surinder and Connie Wong for their invaluable contributions during their tenure. Looking ahead, I believe we have the right organization, the right products, the right distribution channels and the right people to bring Esprit to the next level.



Michael YING
Chairman of the Board
September 15, 2004



**“exceeded the financial targets
set at the beginning of the
financial year”**