

chairman's letter

With remarkable performances in Group turnover and market growth, I am delighted to inform you that fiscal 2004/2005 produced yet another record breaking year for our Group.

Group turnover grew 26% to HK\$20.6 billion from HK\$16.4 billion and net profits reached HK\$3.3 billion from HK\$2 billion in the previous year. We excelled at margin fronts where operating margins were enhanced by 2.8% points to 20.4% and net profit margin by 4% points to 16.2%. Thanks to our impeccable financial performance the Board proposed to increase dividend per share by 67% to HK\$1.95, returning HK\$2.3 billion to our shareholders when including the interim dividend paid and the final and special dividends proposed.

Our main focus this year was to consolidate our existing markets and expand into newer ones while at the same time enhancing the operating efficiency of our company. Although our core markets remain in Germany and Benelux, strong growth was seen in France, Scandinavia and Austria. Furthermore, we have established a firm footing in new markets such as Spain, Italy and the Middle East. Successful demographic diversification was further complemented by our astute initiatives for enhancing operational efficiency. We improved consumer awareness and increased productivity by offering new and stylish products with greater emphasis on diversified pricing, while maintaining the high quality our consumers demand. Our initiatives enjoyed a high level of success, which was reflected by our higher sales and improved margins. With the right strategies in place, Esprit was truly able to outperform itself this year.

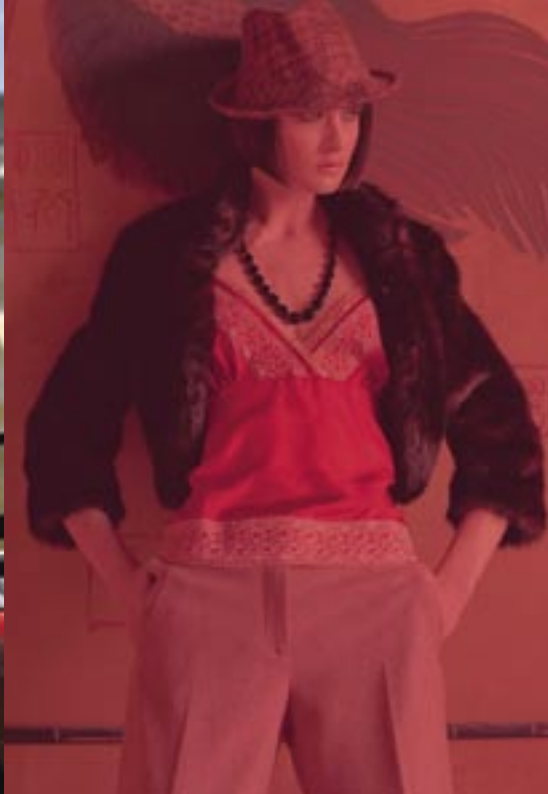
The future of our company seems brighter than ever. While counting our 12th consecutive year of financial success, Esprit has grown into a respected brand, renowned for its ability to recognize and exploit market trends while staying true to its simple and refreshing taste. Although our continuous growth has been the merit of hard work, our company now reaps the benefits of having a strong global position, making greater international success seem ever more promising. I have full confidence in our business team and partners to remain as the driving force behind our Group's success; their ability to capitalize on years of experience and operate from an established business foundation paves the way for a bright future.

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I would like to thank our Shareholders and our Board members for their unwavering support and confidence. I also extend a high level of gratitude to our management, staff and business partners for their continuous drive and excellence. Although competition remains fierce, I have no doubt that Esprit will continue to perform beyond expectation and set the mark for its competitors, all the while continuing to enhance shareholder value.

A handwritten signature in black ink, appearing to read 'Michael YING', written in a cursive style.

Michael YING
Chairman of the Board
September 13, 2005



women's collection

This is the most luxurious segment of the Esprit portfolio. Collection targets the customer who prefers the style, quality and taste level of the high end market and looks for this luxury at affordable prices.



men's collection

Our men's collection provides smart & urban wear for men. The designs combine quality cutting with new fashion highlights and provide the required relaxation fit for the socially conscious after work.

