This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of ESPRIT. These forward-looking statements represent ESPRIT’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
what’s new since announcement of fy02/03 interim results?
macro negative events

- the Iraq war adversely affected market sentiment in Feb & Mar, but caused no material damage to the Group’s business

- outbreak of SARS in March
  - Hong Kong suffered most, retail sales dropped around 30% YoY in March & April
  - single-digit sales drop in Canada during the corresponding period
  - have taken cost cutting measures to mitigate earnings impact, e.g. negotiate for rental reduction; cut advertising and marketing expenses; reduce part-time sales staff etc.
  - weak Asia performance offset by strong European sales, thus estimate minimal impact on Group’s total sales and net earnings
growth momentum intact

Europe

• wholesale order bookings to Jun 03 show double-digit YoY growth
• retail comparable stores sales grew over 10% YTD Mar 03

Asia and Australasia

• full year flat growth target remains unchanged
• Asia comparable stores sales have shown signs of slight improvement

North America

• Canada retail sales grow double-digit YoY since arrival of new merchandise in late-April
• U.S. roll-out plan on target, products now offered nationwide across the U.S.
• added Amiee Lynn, a new U.S. licensee for gloves, hats, caps, scarves and belts
what’s new in Europe

- 12 collections per year merchandising model implemented for women’s casual wear
  - fresh merchandise generating higher store traffic
  - allowing faster decision making, more responsive to fashion & weather change
  - less inventory overhang
  - resulting in stronger comparable store sales and higher margin

- European wholesale partners continue to increase ESPRIT’s space
what’s new in Asia

► implemented central buying – execute buying together with global team: to eliminate possibility for design alternation, and to ensure consistent global identity and quality merchandise

► new Merchandise Director for Asia – responsible for execution of global merchandising concept and strategy in Asia, and maximizing yield on store space

► new store format with new visual presentation - to enhance the in-store shopping experience
  • re-fitted and re-opened Pacific Place store in Hong Kong in April

all targeted to deliver better sell-through with higher margin
remain confident in ending the fiscal year with double-digit top and bottom line growth, and

a decade of turnover & profit growth
is ESPRIT’s growth SUSTAINABLE beyond the financial year?
the growth engines

► Europe - far from saturation
  • 400-500 shop-in-stores; around 100 franchise stores; and 15,000-20,000 m² of directly managed retail space to be added in FY03/04
  • 12 collections per annum merchandising model should drive further comparable store growth

► U.S. – the next phase of growth
  • mission to establish market penetration and distribution infrastructure without incurring losses
  • over 300 point-of-sales by Dec 2003: US$30-50 million sales contribution in FY03/04
  • many licensees already in action
    • Esprit junior shoes by Nine West – high demand from the Federated Group
    • Esprit kids line by Adjmi - now available in over 200 point-of-sales
mitigating losses

to halve retail losses in Hong Kong, Canada, Taiwan, and U.K. in FY03/04, and return to profit in FY04/05

in-store execution is a key to the turnaround: “consistent global identity”; “quality merchandise”, and “speed to market” are the focuses

looking to:

- implement the new merchandising concept to Asia
- re-launch the ESPRIT brand in Hong Kong in fall 03 with better merchandise and price positioning
public free float further increased

- placement of 42.5 mn shares to institutional investors by Mr. Michael Ying
  - personal investment decision
  - remains Chairman and largest shareholder (owns 38.4% post placement)
  - further sale in the foreseeable future unlikely – “general” lockup provision plus blackout before final results in fall 03

- effect on the company
  - no impact on the Group’s business
  - increase public free float to approx. 53%
  - improve trading liquidity and widen shareholder base
share option scheme

- continue orderly disposal of 12 million shares arising from outstanding options under the old share option scheme expiring in November 2003
- around 30 million options granted in November 2002; partial vesting to commence November 2003
- support expensing share options but will await uniform standards for Hong Kong listed companies
- stable price trend during directors’ disposals of option shares

![Graph showing price trend with directors' disposals marked]
outperformance since Jan 2003

relative to Hang Seng Index: ▲ 16.18%*
relative to MSCI Hong Kong Index: ▲ 17.76%*

Indexed Prices

* Jan 2, 2003 to May 15, 2003
relative share price performance since Jan 2003

ESPRIT  13%
Gap  7%
H&M  0%

Benetton  -9%
Inditex  -21%

Increases / Decreases from Jan 2003 to latest applicable date
(as of 16:30 Hong Kong time on May 15, 2003, sources from Bloomberg)
valuation compares favorably with global apparel companies

<table>
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<tr>
<th></th>
<th>ESPRIT</th>
<th>H&amp;M</th>
<th>Inditex</th>
<th>Benetton</th>
<th>Gap</th>
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<td>ROE (%)</td>
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(as of 16:30 Hong Kong time on May 15, 2003, all data sources from Bloomberg)
www.espritholdings.com