Forward-looking Statements

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 uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.
Financial Highlights

- Net profit grew 25% to HK$575m
  - EPS (Basic): HK 51.2 cents, up 24%
  - Proposed Final Dividend: HK 12 cents per share
- Group turnover increased 11% to HK$8.1 billion
- EBITDA increased 25% to HK$1.3 billion
- Operating expenses as % of turnover dropped 2.5% points to 35.3%
- HK$388m net cash with no term loan
- Shareholders’ Funds in excess of HK$2 billion
## Currency Impact

<table>
<thead>
<tr>
<th>Group Sales made in</th>
<th>% of Total Sales</th>
<th>Depreciation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURO</td>
<td>70%</td>
<td>~ 11%</td>
</tr>
<tr>
<td>AUD</td>
<td>&gt;6%</td>
<td>~ 14%</td>
</tr>
</tbody>
</table>

### With currency impact
- Group Sales: + 11%
- Group Net Profit: + 25%

### W/O currency impact
- Group Sales: + 22%
- Group Net Profit: + 34%

* Translation average rate: FY00/01 vs FY99/00

^ assume no depreciation of Euro and AUD
Asia Pacific Wholesale 4% (5%)
Retail 25% (29%)
Wholesale 52% (47%)
Retail 18% (18%)
Licensing (third party royalty income) 1% (1%)

Europe Wholesale 52% (47%) Retail 18% (18%)

Operation Mix (As of June 30, 2001)
HKD 8.1b (HKD 7.2b)

() represents % for FY99/00
**Growth Momentum Continues**

<table>
<thead>
<tr>
<th>Sales change YoY (in HK$ terms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale                        :  + 21%</td>
</tr>
<tr>
<td>Retail                           :  + 1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales change YoY (in local currency terms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Germany : EUR565m  + 33%</td>
</tr>
<tr>
<td>2) Hong Kong : HK$1.1b  + 1%</td>
</tr>
<tr>
<td>3) Benelux : EUR144m  + 38%</td>
</tr>
</tbody>
</table>
Product Mix
(As of June 30, 2001)

Women’s Wear 54% (53%)
• Women’s Casual
• Women’s Collection
• EDC

Men’s Wear 11% (11%)

Kids’ Wear 9% (10%)

Shoes 9% (8%)

Accessories 7% (9%)

Red Earth 4% (6%)

Others* 6% (3%)

* include sales in outlet, bodywear, bed & bath, houseware, salon, café & licensed products like timewear, eyewear, jewelry, etc.

() represents % for FY99/00
### Growth by Product Lines

**Sales change YoY**

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>+13%</td>
</tr>
<tr>
<td>Men</td>
<td>+14%</td>
</tr>
<tr>
<td>Kids’</td>
<td>+ 4%</td>
</tr>
<tr>
<td>Shoes</td>
<td>+28%</td>
</tr>
<tr>
<td>Bodywear</td>
<td>+44%</td>
</tr>
<tr>
<td>Accessories</td>
<td>-10%</td>
</tr>
</tbody>
</table>
Expanding Distribution Network

- Invested HK$512m to expand sales footage by 27% to over 1.3m square feet
  - opened 71 new stores in Asia Pacific and 22 in Europe
  - mega-stores were opened in major cities such as Hong Kong, London, Shanghai and Canada

- Third party managed sales footage increased by 51% to over 1.2m square feet*

- Entered new markets - UK & Korea

* including China JV
Remains Fit and Trim

- Gained better prices from suppliers with increasing sourcing volume
- Stringent cost control reduced operating expenses by 2.5 percentage points as % of sales
- “Vertical retailer concept” in the retail business shortened lead time for pre-orders, targeting injection order to represent 20% of the total order in Europe leading to better comparable stores performance
- More quality products at lower starting price points
### Efficiency & Liquidity

#### Operating Efficiency

<table>
<thead>
<tr>
<th></th>
<th>FY01</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses/Sales(%)</td>
<td>35.3</td>
<td>- 2.5%</td>
</tr>
<tr>
<td>Staff Expenses/Sales (%)</td>
<td>14.2</td>
<td>- 0.9%</td>
</tr>
<tr>
<td>Building Expenses/Sales (%)</td>
<td>10.0</td>
<td>- 0.4%</td>
</tr>
<tr>
<td>Stock Turnover (days)</td>
<td>36</td>
<td>- 1 day</td>
</tr>
</tbody>
</table>

#### Liquidity

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio (x)</td>
<td>1.3</td>
<td>no change</td>
</tr>
</tbody>
</table>


Higher Net Margin Led to Increased Return on Equity

<table>
<thead>
<tr>
<th></th>
<th>FY01</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
<td>49.3%</td>
<td>- 0.5%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>16.5%</td>
<td>+ 1.8%</td>
</tr>
<tr>
<td>Net Margin</td>
<td>7.1%</td>
<td>+ 0.8%</td>
</tr>
<tr>
<td>ROE*</td>
<td>30.5%</td>
<td>+ 1.4%</td>
</tr>
</tbody>
</table>

* Average shareholders’ equity of the beginning and ending balances
China JV

- Turnover grew 52% to over HK$400m *
- Net contribution to the Group surged 150% *
- 450 point of sales in 98 cities
- Total sales footage increased by 81% to 340,000 sq.ft.

* For year ended December 31, 2000
Looking Ahead

Concerns

• Uncertain global economic outlook after the tragic 911 event
• Teething pain for U.K. stores
• Not anticipating turnaround of market conditions in Asia in the near future except moderate growth in China
• Roll out of the Euro

Positive Notes

• We don’t operate out of U.S.
• Our biggest market in the Group, i.e. Germany, has achieved brand dominance and is getting stronger and stronger
• Same-store growth in Europe so far has been encouraging
Organic Growth Intact
CAPEX

- Less aggressive but still healthy CAPEX for FY02 to sustain organic growth in existing markets
- Around HK$400m dedicated for the opening of approximately 19 stores in Europe and 17 stores in Asia Pacific
- Target to increase global directly managed retail space by further 22% to over 1.6m sq.ft. by end of FY02
- All CAPEX to be funded by strong operating cash flow
**Our Strategies**

**Continue to Gain Market Share**
- Further expand directly and indirectly managed retail space
- Cultivate new markets
  - UK / Korea / New Zealand
- Continue roll out Esprit Sports outside of Germany

**Further Improve Margins**
- Stringent cost control
- Extend integration of merchandising function to wholesale business to enhance speed & quality of responses to the European market
- Enhance quality & efficiency of retail space with more mega-stores
Other Factors for FY01/02

- Tax savings from German corporate tax cut
- Potential appreciation of Euro
- Change in accounting treatment for Trademark under HKGAAP
Esprit Europe AG Spin-off

Shelving the project

- Equity market not conducive for relaunch
- Debt cheaper in low interest rate environment (around 350 bps drop since June 2000)
- Fund-raising not necessary with strong operating cash flow
Prospect FY02

We expect …

- Market conditions will continue to be uncertain
- DOUBLE DIGIT growth in Group’s turnover and net profit is still achievable
## Esprit vs. Comparables

<table>
<thead>
<tr>
<th></th>
<th>ESPRIT</th>
<th>Hugo Boss</th>
<th>Benetton</th>
<th>GLOBAL LEADERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inditex</td>
</tr>
<tr>
<td>ROE* (%)</td>
<td>30.50</td>
<td>44.02</td>
<td>11.73</td>
<td>25.30</td>
</tr>
<tr>
<td>P/E 2001** (x)</td>
<td>11.52</td>
<td>9.45</td>
<td>10.38</td>
<td>31.49</td>
</tr>
<tr>
<td>Calendarized</td>
<td>44.02</td>
<td>9.45</td>
<td>10.38</td>
<td></td>
</tr>
<tr>
<td>PEGR***</td>
<td>0.51</td>
<td>0.68</td>
<td>n.a.</td>
<td>1.52</td>
</tr>
<tr>
<td>EV/EBITDA# (x)</td>
<td>5.52</td>
<td>5.71</td>
<td>6.76</td>
<td>18.63</td>
</tr>
</tbody>
</table>

As of 09:00 Hong Kong time on September 25, 2001

All data sources from Bloomberg and latest companies’ financial reports

* ROE is calculated using (Net Income / average total common equity) based on latest companies’ financial reports, average total common equity is the average of the beginning balance and ending balance, for the latest 12-month data available

** Based on IBES consensus earnings estimates from Bloomberg

*** Based on calendarized 2001 P/E and IBES Long-Term growth

# Based on current market cap. and latest companies’ financial reports, EBITDA for the latest 12-month data available