DISCLAIMER: This presentation is not to be construed as an offer to sell or the solicitation of an offer to buy any securities of our company in any jurisdiction. All information contained in this presentation material is for general reference only and should not be used or relied on without professional advice. The Company disclaims all responsibility in respect of any use or reliance on any information contained herein.
Today’s Presentation

◆ Overview
◆ Financial Highlights
◆ Strategy & Outlook
◆ Appendix
The World of ESPRIT

♦ Global brand with high awareness
♦ Wide range of products in over 40 countries
♦ Huge consumer franchise worldwide
♦ Around US$ 1 billion turnover
♦ Over US$ 1.3 billion market capitalization*

* as of May 11, 2001
Brand Positioning

Esprit – An International Contemporary Lifestyle Brand

- Volume prestige: high quality at affordable prices
- Attitude rather than age
- Young and dynamic
- Tasteful and clean

![Brand Positioning Diagram]

- Higher Price
  - DKNY
  - Polo
  - Benetton

- Fashion/Flair
  - Zara
  - H & M

- Lower Price
  - GAP
  - MEXX
  - Giordano
  - Bossini

- Class/Basic
  - Benetton
  - Zara
  - H & M

- Lower Price
Broad Product Range
6 product seasons & over 7,000 styles per year

Women’s Wear 53%
• Women’s Casual
• Women’s Collection
• EDC

Others* 3%

11% Men’s Wear

10% Kids’ Wear

9% Accessories

8% Shoes

6% Red Earth

(As of June 30, 2000)

* include bodywear, bed & bath, houseware & licensed products like timewear, eyewear, jewelry, etc.
Global Business

Based on turnover of $7,277million (US$933 million)

(As of June 30, 2000)

* Others - including Austria, Canada, Denmark, Finland, France, Malaysia, Singapore & Sweden
Multi-Channel Distribution Network

Products sold through:

- Over 1.2 mil sq. ft. of directly managed retail space
- 1,800 Partnership Stores & Shop-in-Stores
- 8,000 wholesale customers

*third party royalty income

Over 40 countries worldwide
Seven Consecutive Year of Growth

Turnover
7 years CAGR = 38%

Operating Profit*
7 years CAGR = 35%

* After finance costs
## 1H 2001 Performance

### Group Operating Results (HK$mn)

<table>
<thead>
<tr>
<th></th>
<th>%Change YOY</th>
<th>12/31/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>↑10</td>
<td>3,994</td>
</tr>
<tr>
<td>EBITDA</td>
<td>↑23</td>
<td>655</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>↑30</td>
<td>559</td>
</tr>
<tr>
<td>Net Profit</td>
<td>↑30</td>
<td>273</td>
</tr>
</tbody>
</table>

### Per Share Data (HK cents)

<table>
<thead>
<tr>
<th></th>
<th>%Change</th>
<th>12/31/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>↑28</td>
<td>24</td>
</tr>
</tbody>
</table>

*after finance costs*
Sales Performance Update

Solid Growth in Europe

(9 Months to March 01 YOY in Euro terms)

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesales</td>
<td>40% plus</td>
</tr>
<tr>
<td>Retail</td>
<td>20% plus</td>
</tr>
<tr>
<td>Overall</td>
<td>30% plus</td>
</tr>
<tr>
<td>Germany</td>
<td>30% plus</td>
</tr>
<tr>
<td>Benelux</td>
<td>30% plus</td>
</tr>
<tr>
<td>Other markets</td>
<td>40% plus</td>
</tr>
</tbody>
</table>
Sales Performance Update

Mixed Results for Asia Pacific

(9 months to March 01 YOY in local currency terms)

Hong Kong: ↑ 10% plus
Taiwan: ↑ 3%

Australia: ↓ 8%
Canada: ↓ 8%

China JV: ↑ 40% plus

Overall (net of currency impact): ↑ low single digit (%)
Focused Expansion Strategy

Develop new & smaller product lines

Build mega stores in key cities

Expand existing markets and develop new markets

Better economies of scale
+
Extensive sourcing network and capability

Improvement to bottom line
Over HKD500mn (USD64mn) for FY01

Total directly managed retail footage:

- Asia Pacific: 800,000 sq.ft. ↑ 12% vs. June 2000
- Europe: 458,000 sq.ft. ↑ 26% vs. June 2000

(as of December 2000)

Should exceed 1,300,000 sq.ft. globally by end of FY01
Global Expansion
Existing Markets

♦ Hong Kong - New 50,000 sq.ft mega store in Causeway Bay

♦ Canada - Adding 10 stores (close to 100,000 sq.ft) across the country, including a 15,000 sq.ft store in West Edmonton Mall

♦ China - Opened mega-stores in Shanghai Times Square (16,900 sq.ft) and Beijing Times Square (6,639 sq.ft)
  - Opened a mega-store in City Square Shanghai (9,842 sq.ft.) in March 2001

♦ Europe - Expanding retail business with 18 new stores
Global Expansion
New Markets

♦ UK - New store on Regent Street, London (22,000sq.ft.) opening this Thursday, 17 May 2001
- New store in Bluewater Mall, Kent (15,000sq.ft.) in September 2001

♦ Korea - Optimistic in re-entering in 2001

♦ Japan - Looking for partners and / or prime retail space
New Product Lines

♦ Successful introduction of Active Sport line on the ISPO fair: approx. 500 potential clients

♦ Launch of new licenses:
  - Toys
  - Scents + Senses
  - Cutlery (as part of “the Esprit home offering”)

♦ Elected as “Best timewear brand” & “Best supplier for jewelry” of the year (Source: Market Intern)
Translation rate for 1H FY01 was relatively low for major currencies like Euro and AUD; probably will remain low for the fiscal year.

Indication of 20%+ profit growth for FY01 & FY02 was made when Euro was around 0.88; outlook for Euro has become relatively more positive.
German Tax Cut

- Germany’s general corporate tax rate has come down from 40% to 25% effective January 1, 2001
- Double-digit million Euros positive impact for Esprit in FY02
Prospects

- Estimated turnover growth in FY01:
  - Europe: 30% plus
  - Asia Pacific: low single digit
- Growth in European wholesale orders to Sept 01
  - YOY growth: mid to high 20’s percentile
- Highly confident in achieving 20%+ growth in net profits in FY01 and FY02 in spite of challenging operating conditions for apparel retailers
Non-executive Director
Age 62, retired and lives in the U.S.
Currently holds approx. 127m shares or 11.2% of the Company
Stated intention to reduce shareholding to below 10% in 2001 for personal reasons
Entitled to sell like other shareholders except compliance with the Listing Rules as a director of the Company
**Directors’ Dealing - 2001**

**Executive Option Scheme**

- Scheme expiring on Nov 2003 with some options expiring before then
- Outstanding options: approx. 58m shares or 4.9% of the enlarged capital
  - Directors’ options: 40m shares with 31m shares vested
- Tax consequences to individuals on exercise of options (not disposition):
  - Germany: over 50% tax on deemed gain payable within 60 days
  - Hong Kong: 15% tax on deemed gain payable at next due date
- Option holders are entitled to sell shares except during restrictive period
- Company encourages periodic orderly disposal of these shares prior to expiry of the scheme
- New shares issued pursuant to option scheme will increase the free float of the counter
Upward price trend unaffected by directors’ dealing

*Equity - Linked - Note at strike of HK$9.50 due on August 1, 2001 with an obligation to take back 5,000,000 ordinary shares of HK$0.10 each in the Company (the “Share”) on August 1, 2001 if the price of the Share is below HK$9.50
Esprit Europe Spin Off

- NO TIMETABLE FOR RE-LAUNCH
- Since June 2000 US prime rate dropped 200bp
- Monitoring market condition including upcoming IPO of Zara and Prada
- The indicative valuation range and investors’ response to Zara IPO so far may lead to possible re-rating of the major counters with a global brand including Esprit Holdings
## Esprit vs Global Peers

<table>
<thead>
<tr>
<th></th>
<th>ESPRIT</th>
<th>Gap</th>
<th>H&amp;M</th>
<th>INDITEX## (Zara)</th>
<th>Hugo Boss</th>
<th>Benetton</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROE</strong> (%)</td>
<td>29.12</td>
<td>34.00</td>
<td>23.02</td>
<td>30+</td>
<td>41.27</td>
<td>21.24</td>
</tr>
<tr>
<td><strong>P/E 2001</strong> (x)</td>
<td>15.91</td>
<td>31.9</td>
<td>44.57</td>
<td>30+</td>
<td>16.47</td>
<td>15.18</td>
</tr>
<tr>
<td>Calendarized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PEGR</strong> ***</td>
<td>0.69</td>
<td>1.67</td>
<td>2.62</td>
<td>1.5+</td>
<td>1.18</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>EV/EBITDA</strong> (x)</td>
<td>9.53</td>
<td>14.30</td>
<td>32.97</td>
<td>15+</td>
<td>11.46</td>
<td>9.51</td>
</tr>
</tbody>
</table>

As of May 11, 2001

All data sources from Bloomberg

* ROE is calculated using (Net Income / average total common equity) based on last published full year accounts, average total common equity is the average of the beginning balance and ending balances

** 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 last published full year accounts

## Indicative based on Zara’s IPO syndicate materials
## Efficiency and Profitability Enhancement

(As of Dec 31, 2000)

<table>
<thead>
<tr>
<th>(as % of Sales)</th>
<th>Change YOY</th>
<th>12/00</th>
<th>12/99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Operating Expenses</td>
<td>↓3.8%</td>
<td>35.4%</td>
<td>39.2%</td>
</tr>
<tr>
<td>• Building</td>
<td>↓0.2%</td>
<td>9.8%</td>
<td>10.0%</td>
</tr>
<tr>
<td>• Staff</td>
<td>↓0.9%</td>
<td>14.0%</td>
<td>14.9%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>↑1.8%</td>
<td>16.4%</td>
<td>14.6%</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>↑2.0%</td>
<td>14.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>EBT Margin</td>
<td>↑2.4%</td>
<td>14.3%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>
# Financial Backing

(As of Dec 31, 2000)

<table>
<thead>
<tr>
<th>Metric</th>
<th>% Change</th>
<th>12/00</th>
<th>6/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Cash on Hand (HKD mn)</td>
<td>↑12</td>
<td>792</td>
<td>707</td>
</tr>
<tr>
<td>Net Cash (after bank borrowings) (HKD mn)</td>
<td>↑50</td>
<td>488</td>
<td>325</td>
</tr>
<tr>
<td>Interest Cover (x)</td>
<td>↑35</td>
<td>32</td>
<td>23</td>
</tr>
<tr>
<td>Bank Borrowing to Equity Ratio</td>
<td>↓7</td>
<td>17%</td>
<td>24%</td>
</tr>
</tbody>
</table>