

Hong Kong Shirt Giant Esquel sets Hope on Sustainable Raw Materials, Ecological Awareness and Social Responsibility

The Esquel Group (www.esquel.com) – founded 1978 by Yang Yuan Loong in Hong Kong – meanwhile one of the leading shirt producers worldwide on basis of Premium Cotton – invested alone more than 50 Mill USD in their plant in Gaoming/ province Guangzhou for reduction of energy and waste. An own water treatment- and energy facility was installed, as special correspondent Vicky Sung wrote in a website-article of the Hong Kong Trade Development Council/ HKTDC (www.hktdc.com). A short time ago the plant was equipped with energy-saving Philips-lamps and at the same time the natural light maximized at the work stations.

In 2005 the management had set themselves the goal to reduce the energy expenditure inside of three years by 30%. Until 2007 they probably have reached that target by two-thirds, according to the estimate of the company.

On the occasion of the 30-year anniversary of the company this year they organized at the end of February an up-to-date conference „Erreichung einer nachhaltigen Entwicklung von Chinas Textilindustrie – die Rolle von Wissenschaft, Technologie und Innovation“ (Reaching sustainable development of Chinas textile industry – the role of science, technology and innovation). Esquel-chairman Marjorie Yang – since 1995 she is directing the textile group – stated on the meeting that a social and environmentally oriented „green“ business policy is the key to success, with help of science and technology. To protect the planet earth, environmentally malevolent factors with textile production have to be removed by all means. Research and development of this group work therefore closely together with the Hong Kong Polytechnic University, the Xian Polytechnic University, the Donghua University and the research center of the Zhejiang Science and Technology University. There are also scientific alliances with

the innovative weaving company Nano-Tex Corporation (www.nano-tex.com) in Oakland/California and the German Chemistry Group BASF (www.basf.com), Ludwigshafen. Marjorie Yang is also founding chairman of the China Association of Enterprises with Foreign Investment/CAEFI (www.caefi2.mofcom.gov.cn).

The new employment legislation of Mainland-China concerns Esquel very little, since they are practising the stricter social standards with their own production plants there since a long time already. The vertical integration of their enterprise includes cotton seed breeding, growing their own cotton, ginning, spinning, weaving, knitting, dyeing and finishing, apparel making, accessoires, trims and packaging as well as branding and retailing.

A short time ago in Beijing the first own retail shop was opened called "Pye", which is offering under this brand luxury shirts for men and women. Esquel is also producing for renowned brands like Hugo Boss, Tommy Hilfiger, Nautica, Nike, Polo Ralph Lauren, Lands'End, Lacoste, Next, Ted Baker and Marks & Spencer. This year up to four stores are to be opened on Mainland China in big cities and further ten in the next three years, which offer shirts of high quality under own brands.

Shirt-production plants are, except for China, in Malaysia, Mauritius, Sri Lanka and Vietnam. To absorb the escalating costs for manufacture in the Pearl River Delta (PRD) the production is extended to low-price shirts in Vietnam. With a staff of 47,000 employees the group produces yearly 65 Mill shirts with revenues of 650 Mill USD p.a.. The products are certified WRAP, ISO9001, 14001, OHSMS 18001 and 28001. Greatest export market are the USA with 58% based on revenues, followed by the EU with 21%. The growth rate is currently higher in the EU

market. 2007 was a super business year for Esquel. The total profit rose there to last year by 22% with strong growth rates in all product categories. Despite the momentarily weak US-market it has been possible to get full orders for the first half year 2008. The enterprise has expended its cotton plantation in Kashi in the Xinjiang province in the North-West of China to 66,000 Acres and the ginning capacity in Akesu elevated to 10,000t cotton yearly. They own spinning plants in Turpan and Urumqui with 120,000 spindles.

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