



December 2002

tel 619.670.5200
fax 619.670.5203

Dear Shareholder,

1.800.776.2242
www.chinaberry.com

Thank you for your purchase of Chinaberry Inc. shares. Our Direct Public Stock Offering raised more than \$675,000 from 550 customers, employees, vendors, and original shareholders. Though this was below our goal of \$1,000,000, we greatly appreciate your contribution.

1.800.777.5205
www.isabellacatalog.com

Highlights for 2002:

- Completed our first Direct Public Stock Offering
- Ann and Patti published their first book, *Under the Chinaberry Tree* (in stores spring 2003)
- Hired a new eCommerce Director and started affiliate marketing programs on the web
- Hired a new Controller and upgraded our accounting systems
- Continued investing in our fulfillment software to improve order processing efficiency
- Established our corporate web site and trading board for Chinaberry Inc. shares
- Successfully completed marketing tests that will benefit 2003's marketing plans

2002 was a challenging year for us financially. The recession and weak consumer demand were the primary reasons we did not meet our financial goals. However, we did complete many projects in 2002 that will have long-term benefits for our company. Among them were adding to our management team, investing in our computer technology, and completing marketing tests that showed promising results. All of these efforts are part of Chinaberry's journey and business plans and we look forward to continued progress in 2003.

Your Stock Certificate(s) and Transfer Online: www.TransferOnline.com.

You should have received your stock certificate back in August 2002. If you did not receive your certificate or you need a replacement certificate, please contact our Investor Relations department at 619-670-5200, Ext 3990, or email InvestorRelations@Chinaberry.net.

Transfer Online keeps all of our shareholder records. Please go to their website and register with them, and please keep your mailing address and email address up-to-date. If you are unable to register with Transfer Online because you do not have an email address, please inform our Investor Relations department of any address changes.

Our Corporate Website: www.ChinaberryInc.com.

We have just completed our corporate website where visitors will be able to connect with our stock trading board, our catalogs, our stock transfer agent, and our Investor Relations department. This site will promote Chinaberry Inc., serve our shareholders, and provide updated financial information. The site will include a "frequently asked questions" section for investors, our annual reports will be available for downloading, and vendor and employment opportunities will be listed.

Chinaberry Inc. Trading Board: www.ChinaberryInc.com. This website makes it possible for buyers and sellers to connect. All you need is an email address and you can register for email notifications of buy and sell offers. If you do not have an email address, please contact Investor Relations for help.

Our next annual report (December 31, 2002) will be ready for distribution by April 30, 2003. At that time we will be mailing and emailing the report, as well as posting on www.ChinaberryInc.com.

We wish you a happy and prosperous New Year.

Gary DeMaine, CEO

