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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of the proposals referred to in this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your shares in Esprit Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**ESPRIT**

**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00330)**

**GENERAL MANDATES TO ISSUE NEW SHARES  
AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
SCRIP DIVIDEND REINVESTMENT SCHEME FOR FINAL DIVIDEND,  
MANDATORY SCRIP DIVIDEND FOR SPECIAL DIVIDEND,  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND  
TERMINATION OF THE 2001 SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of the Company to be held at Victoria Room and Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 10 December 2009 at 4:30 pm or any adjournments of the meeting, at which the proposed resolutions as stated in the aforesaid notice will be considered, is contained in pages 42 to 46 of this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy enclosed with this circular, in accordance with the instructions printed on it, as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting so that it is received by the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and delivery of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting should you so wish.

Hong Kong, 10 November 2009

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“2001 Share Option Scheme”	the share option scheme of the Company adopted at a special general meeting of the Company held on 26 November 2001
“Annual General Meeting”	the annual general meeting of the Company to be held at Victoria Room and Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 10 December 2009 at 4:30 pm or any adjournment thereof
“Associates”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Date of Adoption”	the date on which the New Share Option Scheme is approved by the Shareholders
“Directors”	directors of the Company
“Eligible Person(s)”	any person who satisfies the eligibility criteria under the New Share Option Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 5 per cent. of the total nominal share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	6 November 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Member(s)” or “Shareholder(s)”	duly registered holder(s) of the Shares

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## DEFINITIONS

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“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company pursuant to Ordinary Resolution No. 8 as set out in the Notice of Annual General Meeting in its present and any amended form
“Option”	a right to subscribe for Shares granted pursuant to any share option scheme of the Company adopted from time to time
“PRC”	the People’s Republic of China
“Record Date”	10 December 2009
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors to repurchase fully paid Shares and any securities which carry a right to subscribe for or purchase Shares not exceeding 10 per cent. of the issued share capital of the Company and 10 per cent. of such issued securities or any relevant class thereof, respectively, as at the date of passing of the relevant resolution at the Annual General Meeting
“Scheme Period”	10 years from Date of Adoption
“Scrip Share(s)”	fully paid new Shares to be issued pursuant to the Scrip Dividend Reinvestment Scheme in lieu of cash dividend for final dividend, and/or the Mandatory Scrip Dividend for special dividend, which will rank pari pasu in all respect with the existing issued Shares, including entitlements to all future dividends save and except the final dividend and special dividend for the year ended 30 June 2009
“Scrip Dividend Reinvestment Scheme”	a scheme of arrangement that allow the Shareholders to elect to receive their final dividend for the year ended 30 June 2009 in cash, or wholly or partly in the form of Scrip Shares
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the capital of the Company with a par value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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LETTER FROM THE BOARD

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**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00330)**

*Executive Directors:*

Heinz Jürgen KROGNER-KORNALIK (*Chairman*)  
Ronald VAN DER VIS  
CHEW Fook Aun

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Jürgen Alfred Rudolf FRIEDRICH

*Principal Place of Business:*

43/F, Enterprise Square Three  
39 Wang Chiu Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Paul CHENG Ming Fun (*Deputy Chairman*)  
Alexander Reid HAMILTON  
Dr. Hans Joachim KÖRBER  
Raymond OR Ching Fai  
Francesco TRAPANI

10 November 2009

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES  
AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
SCRIP DIVIDEND REINVESTMENT SCHEME FOR FINAL DIVIDEND,  
MANDATORY SCRIP DIVIDEND FOR SPECIAL DIVIDEND,  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND  
TERMINATION OF THE 2001 SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give you information regarding the resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against the resolutions. The resolutions include (i) the granting to the Directors of the Repurchase Mandate; (ii) the granting to the Directors of the Issue Mandate; (iii) the re-election of the retiring Directors; (iv) the final dividend of the Company for the year ended 30 June 2009 with scrip

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## LETTER FROM THE BOARD

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alternative; (v) the special dividend of the Company for the year ended 30 June 2009 to be paid by way of mandatory scrip dividend; and (vi) the proposed adoption of the New Share Option Scheme and termination of the 2001 Share Option Scheme save and except Options already granted and/or committed shall continue to follow the provisions of the 2001 Share Option Scheme.

### **GENERAL MANDATE TO REPURCHASE SHARES (*Resolution 6*)**

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general mandate to exercise all powers of the Company to repurchase issued Shares in the share capital of the Company subject to the criteria set out in this circular. In particular, Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number not exceeding 10 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of passing of the resolution. The Repurchase Mandate will end on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws and the date on which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

The Directors seek the approval of the Shareholders for the grant of the Repurchase Mandate in accordance with the requirements set out in the Listing Rules. An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix I of this circular.

### **GRANTING OF THE ISSUE MANDATE (*Resolution 7*)**

#### *(i) Purpose of the Issue Mandate*

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to issue further Shares not exceeding 5 per cent. of the total nominal share capital of the Company in issue as at the date of passing of the resolution. The Issue Mandate will end on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws and the date on which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

The purpose of the Issue Mandate is to enable the Directors to issue new Shares without having first to obtain the consent of Shareholders in general meeting. The need for such an issue of Shares could arise, for example, in the context of a transaction which had to be completed in a timely manner, such as the acquisition of a company. The Board is of the view that the granting of such authority is now commonplace and it would be in the interests of the Company if the authorities were granted.

#### *(ii) Restrictions on Dilution, Discounts and Refreshments*

The Board draws the attention of Shareholders to the relevant provisions of the Listing Rules regarding the Issue Mandate, in particular the restriction on dilution, the restriction on discounts and the restrictions on refreshments set out in rules 13.36(2)(b), 13.36(5) and 13.36(4) of the Listing Rules

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## LETTER FROM THE BOARD

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respectively. Broadly, these rules provide that (a) the aggregate securities allotted or agreed to be allotted must not exceed the aggregate of 20 per cent. of the existing issued share capital of the Company; (b) where securities are being placed for cash consideration, the Company may not issue any securities pursuant to the Issue Mandate at a discount of 20 per cent. or more to the benchmarked price of such securities; and (c) any refreshments of the Issue Mandate before the next annual general meeting of the Company is subject to the prior approval of Shareholders in a general meeting.

The Company being fully committed to high corporate governance standards, the Directors will bolster these restrictions provided by the Listing Rules by:

- limiting the restriction on dilution arising from the aggregate securities allotted or agreed to be allotted pursuant to the Issue Mandate from the Listing Rules limit of 20 per cent. to 5 per cent. of the existing issued share capital of the Company; and
- limiting the restriction on discounts from the Listing Rules limit of 20 per cent. or more to 10 per cent. or more, so that the Company may not issue any securities pursuant to the Issue Mandate at a discount of 10 per cent. or more,

and follow the Listing Rules provisions to seek prior approval of Shareholders in a general meeting if any refreshments of the Issue Mandate before the next annual general meeting of the Company is necessary.

The full text of rules 13.36(2)(b), 13.36(4) and 13.36(5) of the Listing Rules is set out below.

“(2) *No such consent as is referred to in rule 13.36(1)(a) shall be required:—*

- (b) *if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of 20% of the existing issued share capital of the issuer (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the issued share capital of an overseas issuer following the implementation of such scheme) plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.*

*Notes: 1. Other than where independent shareholders' approval has been obtained, an issue of securities to a connected person pursuant to a general mandate given under rule 13.36(2)(b) is only permitted in the circumstances set out in rule 14A.31(3).*

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## LETTER FROM THE BOARD

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2. *An overseas issuer does not have to comply with rule 13.36 if its primary listing is or is to be on another stock exchange and it is not subject to any other statutory or other requirement giving pre-emptive rights to shareholders over further issues of share capital.*”

“(4) *Where the issuer has obtained a general mandate from its shareholders pursuant to rule 13.36(2)(b), any refreshments of the general mandate before the next annual general meeting shall be subject to the following provisions:*

- (a) *any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour;*
- (b) *the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:*
  - (i) *any parties who were controlling shareholders of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their associates; or*
  - (ii) *where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their respective associates;*
- (c) *the issuer must comply with the requirements set out in rules 13.39(4), (5), (6) and (7), 13.40, 13.41 and 13.42;*
- (d) *the relevant circular to shareholders must contain information relating to the issuer’s history of refreshments of mandate since the last annual general meeting, the amount of proceeds raised from the utilisation of such mandate, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount. The circular must also contain information required under rule 2.17; and*
- (e) *where the issuer offers or issues securities to its shareholders pro rata to their existing holdings (including where overseas shareholders are excluded for legal or regulatory reasons), it will not be necessary for the issuer to comply with rules 13.36(4)(a), (b) or (c) in order for it to refresh its general mandate immediately thereafter such that the amount in percentage terms of the unused part of the general mandate upon refreshment is the same as the unused part of the general mandate immediately before the issue of securities. In such cases, it need only obtain approval from its shareholders and comply with rule 13.36(4)(d).”*



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## LETTER FROM THE BOARD

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*“(5) In the case of a placing of securities for cash consideration, the issuer may not issue any securities pursuant to a general mandate given under rule 13.36(2)(b) if the relevant price represents a discount of 20% or more to the benchmarked price of the securities, such benchmarked price being the higher of:*

- (a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and*
- (b) the average closing price in the 5 trading days immediately prior to the earlier of:*
  - (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;*
  - (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and*
  - (iii) the date on which the placing or subscription price is fixed,*

*unless the issuer can satisfy the Exchange that it is in a serious financial position and that the only way it can be saved is by an urgent rescue operation which involves the issue of new securities at a price representing a discount of 20% or more to the benchmarked price of the securities or that there are other exceptional circumstances. The issuer shall provide the Exchange with detailed information on the allottees to be issued with securities under the general mandate.”*

The Board recommends that Shareholders refer to rule 13.36 of the Listing Rules for further information.

### *(iii) Other Information on the Issue Mandate*

Other than pursuant to any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares and the Scrip Dividend Reinvestment Scheme for the final dividend and the Mandatory Scrip Dividend for the special dividend of the Company for the year ended 30 June 2009, the Board has no present intention to grant or issue any further Shares.

### **RE-ELECTION OF DIRECTORS (*Resolution 4*)**

According to Bye-law 87(1), at each annual general meeting, the Directors for the time being of the Company shall retire by rotation as follows:

- (a) at least one-third of the Directors (or if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. In this connection, the Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation under this paragraph) any Director who wishes to retire and not to offer himself for re-election. Any further Director so to retire shall be*

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## LETTER FROM THE BOARD

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those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation under this paragraph; and

- (b) any Director (not already obliged to retire by rotation under paragraph (a) above) who at such annual general meeting, shall have been a Director at each of the preceding two general meetings of the Company and who was not elected or re-elected at any such annual general meeting, and who has not otherwise ceased to be a Director (whether by resignation, retirement, removal or otherwise) and has not been re-elected at a general meeting of the Company at or since any of the preceding two annual general meetings of the Company aforementioned.

Pursuant to Bye-law 87(2), a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Pursuant to Bye-law 86(2), the Board may appoint any person who is willing to act to be a Director, either to fill a casual vacancy or as an addition to the existing board, but so that the total number of Directors shall not at any time exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed shall retire at the first general meeting after their appointment and shall then be eligible for election.

In accordance with Bye-laws 87(1) and (2), Mr Heinz Jürgen Krogner-Kornalik and Mr Jürgen Alfred Rudolf Friedrich will retire from office by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting. In addition, in accordance with Bye-law 86(2), Mr Ronald Van Der Vis, Mr Chew Fook Aun and Mr Francesco Trapani, being directors appointed by the Board after the Company's annual general meeting held on 10 December 2008, will hold offices until the Annual General Meeting pursuant to Bye-law 86(2) and, being eligible, will offer themselves for re-election at the Annual General Meeting.

Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II of this circular.

The Company has received confirmation from Mr Trapani as to his independence in compliance with the requirements of the Listing Rules.

### **SCRIP DIVIDEND REINVESTMENT SCHEME FOR FINAL DIVIDEND AND MANDATORY SCRIP DIVIDEND FOR SPECIAL DIVIDEND**

On 26 August 2009, it was announced that the Board recommended the distribution of a final dividend of HK\$0.72 per Share for the year ended 30 June 2009. As part of the initiative to maintain strong balance sheet for future growth, subject to the approval of the Shareholders on the final dividend for the year ended 30 June 2009, the Board has recommended to provide the Shareholders

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## LETTER FROM THE BOARD

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with an option to receive the final dividend in form of new fully paid Shares in lieu of cash. The Board has further recommended to pay the special dividend of HK\$1.33 per Share by way of new fully paid Shares without offering the option to Shareholders to elect to receive it in cash. Both of these recommendations will be subject to the approval of Shareholders at the Annual General Meeting.

Subject to the approval of Shareholders at the Annual General Meeting, the final dividend and special dividend will be payable to the Shareholders whose names appear on the Register of Members of the Company at close of business on 10 December 2009. In order to qualify for the final dividend and special dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 pm on Friday, 27 November 2009.

Dividend warrants and share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme and for the special dividend will be despatched by ordinary mail on or around 15 January 2010.

The procedures which apply in relation to the Scrip Dividend Reinvestment Scheme and the action which should be taken by the Shareholders in relation thereto are set out hereunder for the Shareholders' attention.

(i) *Particulars of the Scrip Dividend Reinvestment Scheme for final dividend and the Mandatory Scrip Dividend for special dividend*

Under the Scrip Dividend Reinvestment Scheme, the Shareholders have the following choices in respect of the final dividend:

- (i) cash of HK\$0.72 for each Share as final dividend held at the close of business on Thursday, 10 December 2009; or
- (ii) an allotment of Scrip Shares (the number of which is determined by methods set out hereunder), save for the adjustment of fractional entitlements, equal to the total amount of the respective dividends which such Shareholders would otherwise receive in cash; or
- (iii) partly in cash and partly in form of Scrip Shares.

For the purpose of calculating the number of Scrip Shares to be allotted pursuant to the Scrip Dividend Reinvestment Scheme, the market value of the Scrip Shares would be determined by averaging the closing prices of the Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding 30 November 2009.

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## LETTER FROM THE BOARD

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Subject to the approval of Shareholders at the Annual General Meeting, the special dividend of HK\$1.33 per Share will be paid out in form of new fully paid Shares without offering the option to Shareholders to elect to receive it in cash and shall be satisfied by way of capitalisation of share premium. Accordingly, the number of the Scrip Shares which the Shareholders will receive in respect of the existing Shares registered in their names as at 10 December 2009 will be calculated as follows:

$$\begin{array}{l} \text{Number of} \\ \text{the Scrip} \\ \text{Shares} \\ \text{to be} \\ \text{received} \end{array} = \begin{array}{l} \text{Number of} \\ \text{existing Shares} \\ \text{held on Record} \\ \text{Date for which} \\ \text{such election for} \\ \text{Scrip Shares is made} \end{array} \times \frac{\begin{array}{l} \text{HK\$0.72} \\ \text{(Final Dividend} \\ \text{per Share)} \\ \text{Average} \\ \text{Closing Price} \end{array}}{\text{Average Closing Price}} + \begin{array}{l} \text{Number of} \\ \text{existing Shares} \\ \text{held on Record} \\ \text{Date} \end{array} \times \frac{\begin{array}{l} \text{HK\$1.33} \\ \text{(Special Dividend} \\ \text{per Share)} \\ \text{Average Closing} \\ \text{Price} \end{array}}{\text{Average Closing Price}}$$

The last day and time on which the Shareholders will be entitled to elect their desired form of the Final Dividend is by 4:30 pm on 4 January 2010. The number of the Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares will not be issued and the residual dividend entitlement will be paid in cash. The residual dividend entitlement will be calculated as follows:

$$\begin{array}{l} \text{Residual} \\ \text{dividend} \\ \text{entitlement} \end{array} = \begin{array}{l} \text{Maximum dividend entitled} \\ \text{(Number of existing Shares} \\ \text{held on Record Date x} \\ \text{(HK\$0.72 + HK\$1.33))} \end{array} - \begin{array}{l} \text{Total market value of} \\ \text{the Scrip Shares (Number of} \\ \text{Scrip Shares to be received x} \\ \text{Average Closing Price)} \end{array}$$

### Example

For illustration purpose, if the Market Value is HK\$52 and you have 1,000 Shares at the record date. Your maximum entitlement will be calculated as follows:

$$\begin{aligned} \text{Maximum dividend entitled} &= 1,000 \times (\text{HK\$0.72} + \text{HK\$1.33}) \\ &= \underline{\text{HK\$2,050}} \end{aligned}$$

**Option 1 — If you elect to receive your entire final dividend in cash, you will receive 25 Scrip Shares and HK\$750.00 cash.**

$$\begin{array}{l} \text{Number of the} \\ \text{Scrip Shares to} \\ \text{be received} \end{array} = 0 \times \frac{\text{HK\$0.72}}{\text{HK\$52}} + 1,000 \times \frac{\text{HK\$1.33}}{\text{HK\$52}} \\ = \underline{25.5769 \text{ Scrip Shares}}$$

$$\begin{array}{l} \text{Residual} \\ \text{dividend} \\ \text{entitlement} \end{array} = \text{HK\$2,050} - 25 \times \text{HK\$52} \\ = \underline{\text{HK\$750.00}}$$

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## LETTER FROM THE BOARD

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**Option 2 — If you elect to receive 40% of your final dividend in Scrip Shares, you will receive 31 Scrip Shares and HK\$438.00 cash.**

$$\begin{aligned} \text{Number of the Scrip Shares to be received} &= 400 \times \frac{\text{HK\$0.72}}{\text{HK\$52}} + 1,000 \times \frac{\text{HK\$1.33}}{\text{HK\$52}} \\ &= \underline{31.1154 \text{ Scrip Shares}} \\ \text{Residual dividend entitlement} &= \text{HK\$2,050} - 31 \times \text{HK\$52} \\ &= \underline{\text{HK\$438.00}} \end{aligned}$$

**Option 3 — If you elect to receive your entire final dividend in Scrip Shares, you will receive 39 Scrip Shares and HK\$22.00 cash.**

$$\begin{aligned} \text{Number of the Scrip Shares to be received} &= 1,000 \times \frac{\text{HK\$0.72}}{\text{HK\$52}} + 1,000 \times \frac{\text{HK\$1.33}}{\text{HK\$52}} \\ &= \underline{39.4231 \text{ Scrip Shares}} \\ \text{Residual dividend entitlement} &= \text{HK\$2,050} - 39 \times \text{HK\$52} \\ &= \underline{\text{HK\$22.00}} \end{aligned}$$

(ii) *Advantages of the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend*

The Directors consider that the Scrip Dividend Reinvestment Scheme is beneficial to both the Shareholders and the Company as it would allow the Company to maintain a strong balance sheet for its future growth and allow the Shareholders the opportunity to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs.

(iii) *Conditions of the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend*

The final dividend and special dividend are conditional upon the passing of the relevant resolutions at the annual general meeting. The Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend are further conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued thereunder.

In the event that the above condition of the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued is not satisfied, the Scrip Dividend Reinvestment Scheme for final dividend will not become effective and the final dividend will be paid wholly in cash.

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## LETTER FROM THE BOARD

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If the condition for granting the listing of, and permission to deal in, the Scrip Shares had not been fulfilled, no special dividend will be distributed and no cash will be paid in lieu.

(iv) *Effect of the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend*

The Shareholders should note that the Scrip Shares to be allotted under the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend may give rise to disclosure requirements under the provisions of Divisions 2 and 3 of Part XV of the SFO. If the Shareholders are in any doubt as to how these provisions may affect them as a result of the Scrip Shares, they are recommended to seek their own professional advice.

(v) *Amendments in relation to Options under the 2001 Share Option Scheme*

In accordance with the terms of the 2001 Share Option Scheme, the Scrip Shares to be allotted may result in an alteration to the exercise price and/or the number of Option so far as unexercised in respect of Options granted by the Company. Such alterations shall give the option holder the same proportion of issued share capital of the Company as to which that such option holder would otherwise be entitled, provided that no such alterations shall be made where the effect of which would be to enable a Share to be issued at less than its nominal value. If and when any alterations have to be made, the Company will notify the option holders in accordance with the 2001 Share Option Scheme.

(vi) *Election Form*

In the event that the resolution in relation to the final dividend was approved by the Shareholders at the Annual General Meeting, a form of election in relation to the Scrip Dividend Reinvestment Scheme for final dividend will be despatched to the Shareholders shortly after the Annual General Meeting for their use should they wish to receive the final dividend wholly or partly in form of Scrip Share in lieu of cash. The completed election form should be returned to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 pm on 4 January 2010.

(vii) *Shareholders residing outside of Hong Kong*

No person receiving a copy of this circular and/or an Election Form in any jurisdiction outside Hong Kong may treat the same as an offer to elect to receive Scrip Shares unless in the relevant jurisdictions such offer could lawfully be made to him/her without the Company being required to comply with any governmental or regulatory procedures or any other similar formalities. According to the information on the Register of Members of the Company as at the Latest Practicable Date, the Shareholders residing outside of Hong Kong were residing in Australia, Canada, Malaysia, People's Republic of China, Singapore, Spain, Taiwan and United Kingdom. Given the existing shareholder base as at the Latest Practicable Date, out of these jurisdictions, none of these jurisdiction requires the Company to prepare registration statements and other special formalities or prohibit the distribution of scrip dividends to Shareholders residing in these jurisdictions. In view of the above, Election Form will also be sent to such Shareholders.

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## LETTER FROM THE BOARD

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Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash for the final dividend, in whole or in part, will depend on your own individual circumstances and the decision in this regard, and all effects resulting therefrom, will be your sole responsibility. If you are in any doubt as to what to do, you should consult your professional advisers.

*(viii) Listing and Dealings*

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Reinvestment Scheme and for the special dividend after the relevant resolutions are passed at the Annual General Meeting.

The share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme and for the special dividend will be despatched to the Shareholders at their risk by ordinary mail on or around 15 January 2010 at the same time as the dividend warrants in respect of the cash dividend are mailed. Dealings of the Scrip Shares are expected to commence on or around 15 January 2010.

The Shares are only listed on the Stock Exchange. No part of the share capital of the Company is listed or dealt on any other stock exchange and the Company is not currently seeking to list its securities on any other stock exchange.

*(ix) Waiver of Strict Compliance of Rule 19.10 of the Listing Rules*

The Stock Exchange has granted a waiver from strict compliance with rules 19.10(2) and (3) of the Listing Rules regarding the requirements on including in this circular summaries of (a) the provisions of the constitutive documents of the Company in so far as they may affect Shareholders' rights and protections and Directors' power; and (b) the relevant regulatory provision of Bermuda on 5 November 2009. Nevertheless, copies of the Bye-laws and the Companies Act of Bermuda will be available for inspection by at the Company's principal place of business in Hong Kong at 43/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 26 November 2009 to 10 December 2009.

### **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE 2001 SHARE OPTION SCHEME**

The 2001 Share Option Scheme will expire after 25 November 2011 and given that under the current structure of the grant of Options (the Company would commit to also grant Options on the first and second anniversary of the grant once a grant is to be made) the Company could not grant further Options after 25 November 2009 (except for committed grants already made). The Company therefore proposes to seek approval of the Shareholders to adopt a new share option scheme and simultaneously terminate the operation of the 2001 Share Option Scheme provided that the Options which have been granted and remained outstanding and/or committed shall continue to follow the provisions of the 2001 Share Option Scheme and the Listing Rules.

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## LETTER FROM THE BOARD

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The New Share Option Scheme provides the Board with greater flexibility to attach additional conditions to the grant of Options so as to align the interests of the Eligible Persons with those of the Shareholders.

(i) *Purpose of the New Share Option Scheme*

The New Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in the Company through offering the grant of Options, the ultimate entitlement of the Eligible Persons to the Options will depend on whether conditions, restrictions or limitations relating to achievement of operating or sales or financial targets or other conditions attached to the grant of Option, which may varied by the Board at its absolute discretion have been met.

The purpose of this Scheme is to achieve the following objectives:

- motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; and
- attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Group.

(ii) *Key Features of the New Share Option Scheme*

— *Administration of the Grant of Options to Executive Director*

The Remuneration Committee, currently chaired by an independent non-executive Director and three out of four of its members including its chairman are independent non-executive Directors, is responsible for determining each year whether any grant of options to executive Directors will be awarded and the performance targets to be used and make recommendations to the Board for approval. No Options may be granted to executive Directors in the absence of the recommendation by the Remuneration Committee and as no Director or any of his associates shall be involved in deciding his own remuneration, no executive Director will be reviewing and/or approving his own remuneration in the Remuneration Committee and/or the Board even if the executive Director was a member of the Remuneration Committee.

— *Restriction on Grant of Options to Director, Chief Executive or Substantial Shareholder*

In addition, the New Share Option Scheme expressly states that any grant of Options proposed to be made to an Eligible Person who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be first approved by all independent non-executive directors of the Company (excluding any independent non-executive Director who is the proposed grantee of such Options).

No Option shall be granted to any Eligible Person where the Eligible Person is a director, within the period prescribed in the Listing Rules during which a director is prohibited from dealing in the securities of the Company.



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## LETTER FROM THE BOARD

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The New Share Option Scheme also expressly states that no Option shall be granted to any Eligible Person (including a director, chief executive or substantial shareholder of the Company) after a price sensitive event has occurred until an announcement of such price sensitive information has been duly published.

Any grant of Options proposed to be made to an Eligible Person who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, must first be approved by the Shareholders in general meeting if the Shares issued upon the exercise of such Options proposed to be granted (a) represent in aggregate over 0.1 per cent. of the number of Shares then in issue and (b) have an aggregate value in excess of HK\$5 million.

— *Conditions, Restrictions or Limitations on the Exercise of Options*

Under the rules of the New Share Option Scheme, the Board may during the Scheme Period at its discretion make an offer to grant an Option made in accordance with the New Share Option Scheme to an Eligible Person subject to such conditions as it may think fit.

The New Share Option Scheme expressly states that the right to exercise an Option is subject to and conditional upon the achievement of performance targets which may be operating or sales or financial targets, to be set by the Board upon the recommendation from the Remuneration Committee. The performance targets may include, but not limited to, earnings per share, total shareholders' value, turnover growth, net profit growth of the Company and retail or franchise store growth, or a combination thereof during a certain performance period, which may be benchmarked against the previous year's performance, to be defined in the grant letter.

Under the rules of the New Share Option Scheme, the Board may at its discretion, determine the period of time during which the right to exercise the Option in respect of all or some of the Shares to which the Option relates will vest subject to and in accordance with the terms and conditions of the grant of the Option. The Board takes the preliminary view that the vesting period shall usually commence no earlier than the end of the third anniversary from the date of grant to retain ongoing business relationship with the Eligible Persons and to provide a longer period for performance measurement.

The New Share Option Scheme further expressly provides that (i) in the event that the Grantee agrees to become employed by or becomes employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group, the Options (vested and unvested) shall lapse on the date of the occurrence of any such specified events taking place; (ii) in the event that the Grantee ceases to be an Employee for any reason or has tendered a notice of resignation or has received a notice of termination of employment and within 2 years from the date of such cessation of employment or tender of notice of resignation or receipt of notice of termination of employment, whichever is earlier, agrees to become employed by or is employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which (in the

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## LETTER FROM THE BOARD

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opinion of the Board) competes with the business of the Group, the Grantee shall deliver to the Company forthwith the entire economic benefit derived from any and all Shares allotted to the Grantee pursuant to the Options which have been or will be exercised by the Grantee under the Scheme unless otherwise resolved to the contrary by the Board.

The grant letter provides that the Grantee undertakes to immediately inform the Company in the event that the Grantee agrees to become employed by or is employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which competes with the business of the Group on or after the date on which the notice of resignation is tendered up to the expiry of 2 years from the date of cessation of employment.

The Board believes that such provisions can provide greater incentives and better retain the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Company.

### (iii) *Compliance with the Listing Rules*

The provisions of the New Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

### (iv) *Scheme Mandate Limit*

As at the Latest Practicable Date, outstanding Options that had been granted and committed pursuant to the 2001 Share Option Scheme would entitle the holders thereof to subscribe for 45,415,000 Shares and 13,830,000 Shares respectively.

As at the Latest Practicable Date, the issued share capital of the Company was 1,246,791,934 Shares. On the basis that no further Shares in the share capital of the Company are issued between the Latest Practicable Date and the Date of Adoption, such 10 per cent. shall represent 124,679,193 Shares as at the Date of Adoption.

### (v) *Value of Options*

The Board considers that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and the conditions that an option is subject to. The Board believes that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

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## LETTER FROM THE BOARD

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(vi) *Conditions to the adoption of the New Share Option Scheme*

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III of this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at 43/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 26 November 2009 to 10 December 2009 and at the Annual General Meeting.

### ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 42 to 46 of this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the granting of the Repurchase Mandate, the granting of the Issue Mandate, the re-election of retiring Directors, the payment of final dividend with scrip alternatives, the payment of special dividend by way of Scrip Shares without offering the Shareholders the option to elect to receive it in cash and the adoption of the New Share Option Scheme and the termination of the 2001 Share Option Scheme save and except Options already granted and/or committed shall continue to follow the provisions of the 2001 Share Option Scheme.

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The chairman of the Annual General Meeting will therefore put forth each of the resolutions to be proposed at such meeting to be voted by way of a poll pursuant to Bye-law 66 of the Bye-laws of the Company. None of the Directors nor, to the best of their knowledge and having made all reasonable enquires, is aware of any Shareholders who are required to abstain from voting at the Annual General Meeting, save for Mr Jürgen Alfred Rudolf Friedrich who is required to abstain from voting for the resolution in relation to his re-election.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong so as to be received not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular contains particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in respect thereof misleading.

### RECOMMENDATIONS

The Board considers that the granting of the Repurchase Mandate, the granting of the Issue Mandate, the re-election of retiring Directors, the payment of final dividend with scrip alternatives, the payment of special dividend by way of Scrip Shares without offering the Shareholders the option to elect to receive it in cash and the adoption of the New Share Option Scheme and the termination of the 2001 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole and accordingly recommends you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

The Directors are pleased to recommend Mr Heinz Jürgen Krogner-Kornalik and Mr Jürgen Alfred Rudolf Friedrich, Mr Ronald Van Der Vis, Mr Chew Fook Aun and Mr Francesco Trapani for re-election as Directors at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**Esprit Holdings Limited**  
**Heinz Jürgen Krogner-Kornalik**  
*Chairman*

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 1,246,791,934 Shares of HK\$0.10 each. On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Repurchase Mandate, if granted, would allow the Company to repurchase up to 124,679,193 Shares (which represent 10 per cent. of the Shares in issue as at the Latest Practicable Date) during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the interests of the Company and its Shareholders to seek a general authority from the Shareholders to enable the Directors to repurchase Shares in the market.

Repurchases may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net assets and/or earnings per Share. The Directors are seeking the grant of the Repurchase Mandate to give the Company the flexibility to repurchase shares if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which they are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then prevailing.

### **FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases will be made out of funds which are legally available for such purpose in accordance with all applicable laws of Bermuda and the memorandum of association and the Bye-laws.

Under Bermuda law, share repurchases may only be made out of the capital paid up on the relevant shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase. Any premium payable may only be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

Based on the audited consolidated financial statements of the Company as at 30 June 2009 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate during the proposed Repurchase Mandate period might have a material adverse impact on the working capital position or gearing position of the Company. The Directors do not propose to make any share repurchases to the extent that it would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

**SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2008</b>		
November	47.90	33.30
December	51.55	34.80
<b>2009</b>		
January	46.95	36.70
February	45.60	35.70
March	52.00	37.15
April	48.25	37.70
May	58.00	45.60
June	51.85	43.10
July	60.00	42.25
August	62.00	46.50
September	54.80	45.50
October	57.55	48.85
November (up to the Latest Practicable Date)	53.45	50.65

**REPURCHASE OF SHARES**

The Company has not purchased any Share on the Stock Exchange during the six months immediately preceding the Latest Practicable Date.

**EFFECT OF THE TAKEOVERS CODE**

A repurchase of Shares by the Company may result in an increase in a Shareholder's proportionate interest in the voting rights of the Company, which may in certain circumstances give rise to an obligation for the relevant Shareholder(s) to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, JPMorgan Chase & Co., the Company's largest single Shareholder, held 123,450,968 Shares, representing approximately 9.90% of the issued share capital of the Company as at such date.

On the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting and in the event that the Directors exercise in full the Repurchase Mandate at the date of the Annual General Meeting, the attributable interest of JPMorgan Chase & Co. in the

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**APPENDIX I                      EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE**

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Company would be increased to approximately 11.00% of the total issued share capital of the Company. Accordingly, the Directors are not aware of any consequences that would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code in the event that the Repurchase Mandate is exercised in full.

**DIRECTORS AND THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate, in the event the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company, in the event the Repurchase Mandate is approved by the Shareholders.

**UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the memorandum of association and the Bye-laws of the Company.

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## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

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**Heinz Jürgen KROGNER-KORNALIK**, aged 68, is an Executive Director. He has been with the Group since January 1995. He became Chairman of the Board effective from 5 December 2006. He was Group Chief Executive Officer until he handed over the role and responsibilities of Group Chief Executive Officer to Mr Van Der Vis on 1 November 2009 and remains as Executive Chairman. Mr Krogner is primarily responsible for the overall corporate direction and strategy of the Group, as well as providing leadership for the management in achieving the goals and targets set by the Board. He possesses a degree in business administration and industrial engineering. He was a consultant with Kurt Salmon Associates in a variety of areas, including production, organization, marketing, strategy and brand positioning, as well as with several textile firms, always in executive positions, before joining the Group. Mr Krogner has not held any position in any other listed public company within the past three years.

Mr Krogner does not have a relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, apart from holding 3,800,000 Options, Mr Krogner does not have any other interests in the Shares (within the meaning of Part XV of the SFO).

Mr Krogner has entered into service contract with a member of the Group that does not provide for a fixed period of service and can be terminated by the employing company by giving a notice period of not more than one year. Mr Krogner's directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. The total amount of Mr Krogner's emoluments, inclusive of various allowances, discretionary bonus and benefits in kind, is approximately HK\$68,257,000 for the financial year ended 30 June 2009. Details of the emoluments of Mr Krogner are set out in note 12 to financial statements for the financial year ended 30 June 2009 contained in the annual report of the Company. Mr Krogner emoluments have been determined by the Company with reference to the level and/or remuneration package normally granted by employers comparable in size and stature to the Company to senior executives of comparable calibre and job responsibilities.

**Jürgen Alfred Rudolf FRIEDRICH**, aged 71, founded Esprit's European operations in 1976 and has been a Non-executive Director of the Company since 1997. He has over 32 years of experience in the apparel distribution and marketing business and is currently retired in Switzerland. Mr Friedrich has not held any position in any other listed public company within the past three years.

Mr Friedrich does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr Friedrich was interested in 66,771,977 Shares, representing approximately 5.36% of the total issued capital of the Company as at the Latest Practicable Date within the meaning of Part XV of the SFO; of which 66,721,076 Shares were held by himself as the beneficial owner and 50,901 Shares were held by his spouse, Mrs Anke Beck Friedrich.

Mr Friedrich does not have a service contract with the Company. Mr Friedrich has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Friedrich is entitled to a director's fee which is HK\$425,000 per annum, comprising HK\$350,000 for his directorship and an additional



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## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

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HK\$75,000 for the Audit Committee seat. Mr Friedrich's director's fee has been determined by reference to the level of remuneration for non-executive directors of Hong Kong listed companies and the demand of the Company for Mr Friedrich's attention as one of its Non-executive Directors. Mr Friedrich is a member of the Audit Committee of the Company.

**Ronald VAN DER VIS**, aged 42, has been appointed as Executive Director on 22 June 2009 and was appointed as Group Chief Executive Officer on 1 November 2009. He is responsible for the overall management and control of the business of the Group. He has over 10 years experience as chief executive officer in brand building and retail in an international environment. He holds a Bachelor Degree in Business Administration from Nyenrode University, Netherlands, and a Master of Business Administration Degree (with Honours) from the Manchester Business School, University of Manchester, United Kingdom. Before joining the Company, Mr Van Der Vis had worked for over 10 years in various senior management positions in Pearle Europe B.V., a leading international optical retail group and had been serving as its chief executive officer since January 2004. Mr Van Der Vis is an independent non-executive director of Sonova Holding AG. Save as disclosed above, Mr Van Der Vis has not held any position in any other listed public company within the past three years.

Mr Van Der Vis does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, apart from his deemed interest of 8,000,000 Options held through Pisces Investments Limited (a company wholly owned by Mr Van Der Vis), he does not have any other interests in the Shares (within the meaning of Part XV of the SFO).

Mr Van Der Vis has entered into service contract with a member of the Group that does not provide for a fixed period of service and can be terminated by the employing company by giving a notice period of not more than one year. Mr Van Der Vis's directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Van Der Vis is entitled to a fixed annual salary of EUR1.5 million and a guaranteed bonus of EUR1 million for the first year of employment ending 21 June 2010. Subject to achieving the key performance indicators and other requirements of the Company to be determined by the Board for the relevant financial year, Mr Van Der Vis will be entitled to a fixed annual salary of EUR1.5 million and discretionary bonus at target of EUR2 million for his second year of employment and a total emolument at target of EUR4 million, comprising of a fixed annual salary of EUR1.5 million and discretionary bonus of EUR2.5 million (the exact split between which shall be determined by the Board) for his third year of employment. Mr Van Der Vis' emolument has been determined with reference to his qualifications, experience, duties and responsibilities within the Group as well as the prevailing market conditions.

**CHEW Fook Aun**, aged 47, has been an Executive Director and Group Chief Financial Officer since 1 February 2009. He has over 20 years of experience in accounting, auditing and finance in the United Kingdom and Hong Kong. He is a graduate of the London School of Economics and Political Science of the University of London in the United Kingdom and holds a Bachelor of Science (Economics) degree from the University of London. Mr Chew is a Fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Institute of Chartered Accountants in England and Wales. Mr Chew is also a Council member of the HKICPA. He is also a member of the advisory committee of the Securities and Futures Commission, the corruption prevention advisory

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## APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

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committee of the Independent Commission Against Corruption and the standing committee on company law reform of the Hong Kong Companies Registry. Mr Chew was an executive director and chief financial officer of The Link Management Limited, manager of The Link Real Estate Investment Trust, from 1 February 2007 to 16 January 2009. He was also the chief financial officer of Kerry Properties Limited from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004 and the executive director responsible for the property portfolio for Kyard Limited from 2004 to 2007. Save as disclosed above, Mr Chew has not held any other directorships in listed public companies in the last three years.

Mr Chew does not have a relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, apart from holding 1,200,000 Options, Mr Chew does not have any other interests in the Shares (within the meaning of Part XV of the SFO).

Mr Chew has a service contract in place with the Company that may be terminated by the Company by serving 6 months' notice. He is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Chew will be entitled to emoluments of HK\$8 million per annum with a guaranteed bonus of HK\$3 million to be paid on a pro-rata basis for the financial year ended 30 June 2009 and discretionary bonus thereafter.

**Francesco TRAPANI**, aged 52, has been appointed an Independent Non-executive Director of the Company since December 2008. Mr Trapani has over 21 years of experience in the luxury industry. He graduated with a degree in economics from the University of Naples and studied business administration at the New York University. Mr Trapani is the chief executive officer of the Bulgari Group since 1984, who has since led the Bulgari Group to become one of today's leading global players in the luxury market offering world famous fine jewelry, watches, accessories, fragrances and skincare. Bulgari SpA is listed on the Italian Stock Exchange. Mr Trapani is also deputy chairman of the board of directors of Altagamma, the association of Italian companies operating in the high-end of the market. Save as disclosed above, Mr Trapani has not held any other directorships in listed public companies in the last three years.

Save as disclosed above, as at the Latest Practicable Date, Mr Trapani does not have any relationship with any director, member of senior management, or substantial or controlling shareholder of the Company and he has no interest in the securities of the Company within the meaning of Part XV of the SFO.

Mr Trapani does not have a service contract with the Company. He has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Trapani is entitled to a director's fee which is HK\$500,000 per annum, comprising HK\$350,000 for his directorship and an additional HK\$75,000 for each of the Nomination and Remuneration Committee seats. Mr Trapani's director's fee has been determined by reference to the level of remuneration for other Non-executive Directors of the Company as well as non-executive directors of other Hong Kong listed companies and the demand of the Company for Mr Trapani's attention as one of its Independent Non-executive Directors. Mr Trapani is a member of the Nomination Committee and the Remuneration Committee.

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**APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION**

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Save as disclosed above, as at the Latest Practicable Date, there are no other matters concerning the re-election of Mr Krogner, Mr Friedrich, Mr Van Der Vis, Mr Chew and Mr Trapani that needs to be brought to the attention of the Shareholders and there is no other information that is required to be disclosed pursuant to rules 13.74 and 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

The following is a summary of the principal terms of the 2009 Share Option Scheme to be submitted to the shareholders of the Company for adoption at the general meeting. The rules of the 2009 Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at 43/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 26 November 2009 to 10 December 2009 and at the Annual General Meeting. In this Appendix, the following expressions have the following meanings:

“2009 Share Option Scheme”	the new share option scheme to be adopted by the Company pursuant to ordinary resolution No. 8 as set out in the notice of annual general meeting in its present or any amended form
“Adoption Date”	the date on which the 2009 Share Option Scheme is adopted by resolution of the shareholders of the Company in general meeting
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised thereunder
“Associate”	shall have the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors of the Company or a duly authorised committee thereof
“Business Day”	shall have the meaning ascribed to it under the Listing Rules
“Chief Executive”	shall have the meaning ascribed to it under the Listing Rules
“Commencement Date”	in respect of any particular Option, the Business Day on which that Option is deemed to have been granted in accordance with paragraph 3(c)
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability
“Connected Person”	shall have the meaning ascribed to it under the Listing Rules
“Director”	include any person who occupies the position of a director, by whatever name called, of the Company or otherwise as the context may require

“Eligible Person”	any person who satisfies the eligibility criteria in paragraph 2
“Employee”	any employee or officer of any company in the Group who is employed by any company in the Group (whether full time or part time) at the time when the Option is granted to such employee
“Grant Date”	the date (which shall be a Business Day) on which the grant of an Option is made to or deemed to be made to (and subject to acceptance by) an Eligible Person
“Grantee”	any Eligible Person who accepts the grant of any Option in accordance with the terms of the 2009 Share Option Scheme or (where the context permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person (being an individual) and, where appropriate, the term “Grantee” shall include the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Option”	a right to subscribe for Shares granted to (subject to acceptance by) an Eligible Person pursuant to the 2009 Share Option Scheme, including both Vested Option and Unvested Option
“Option Period”	in respect of any particular Option, the period to be notified by the Board to each Grantee which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the Commencement Date
“Scheme Period”	the period of ten years commencing on the Adoption Date
“Shares”	fully paid shares of HK\$0.10 each of the Company (or such other nominal amount prevailing from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	the price per share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms and conditions of the 2009 Share Option Scheme (subject to adjustment in accordance with the 2009 Share Option Scheme)
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries (within the meaning of the Companies Ordinance or the Listing Rules or section 86 of the Companies Act) for the time being and from time to time of the Company whether incorporated in Hong Kong, Bermuda or elsewhere
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Unvested Option”	an Option that is not yet exercisable pursuant to the terms of the 2009 Share Option Scheme and the terms on which the Option is granted
“Vested Option”	an option that is exercisable pursuant to the terms of the 2009 Share Option Scheme and the terms on which the Option is granted
“Vesting Period”	such period of time, as may be determined by the Board in its absolute discretion and set out in the terms of the grant of the Option, during which the right to exercise the Option in respect of all or some of the Shares to which the Option relates will vest subject to and in accordance with the terms and conditions of the grant of the Option

## **1. PURPOSE OF THE SHARE OPTION SCHEME**

- (a) The 2009 Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Persons have made or may make to the Group.
- (b) The 2009 Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in the Company through the Company offering the grant of Options. The ultimate entitlement of the Eligible Persons to the Options will depend on whether conditions, restrictions or limitations relating to achievement of operating or sales or financial targets or other conditions attached to the grant of Options, which may be varied by the Board at its absolute discretion have been met. The purpose of this Scheme is to achieve the following objectives:
  - (i) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; and

- (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Group.

## **2. WHO MAY JOIN AND BASIS FOR DETERMINING ELIGIBILITY**

- (a) The Board may at its discretion grant Options to:
  - (i) any Director, Employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“**Affiliate**”); or
  - (ii) trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, Employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
  - (iii) a company beneficially or wholly owned by any Director, Employee, consultant, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.
- (b) In order for a person to satisfy the Board that he/she/it is qualified to be (or, where applicable, continues to qualify to be) an Eligible Person, such person shall provide all such information as the Board may request for the purpose of assessing his/her/its eligibility (or continuing eligibility).
- (c) Each grant of Options to a Director, Chief Executive or Substantial Shareholder or any of their respective Associates must be approved in accordance with the requirements of the Listing Rules.

## **3. GRANT OF OPTIONS**

- (a) The Board shall fully comply with the relevant provisions of the Listing Rules from time to time in force when granting Options, and in particular, when granting Options to Connected Persons.
- (b) No Option shall be granted to any Eligible Person if the Grant Date in respect of that Option occurs (or would, in the absence of this paragraph, occur):
  - (i) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until an announcement of such price sensitive information has been duly published; or
  - (ii) where the Eligible Person is a Director or a trust or company to which the Director is related in the manner set out in paragraph 2(a)(ii) or (iii), within the period prescribed in the Listing Rules during which a Director is prohibited from dealing in the securities of the Company.

- (c) A grant of an Option shall be made to an Eligible Person by letter (the date of which shall be deemed to be the Grant Date) in such form as the Board may from time to time determine specifying, inter alia, the Subscription Price, the Option Period, the number of Shares comprised in and the other relevant terms and conditions of the Option (including without limitation any performance targets that may be set by the Board) and shall require the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the 2009 Share Option Scheme and all other conditions attaching to the grant. The grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 14 Business Days from the Grant Date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after the 2009 Share Option Scheme has been terminated (if applicable). An Option cannot be accepted by an Eligible Person who ceases to be qualified as an Eligible Person after the grant of Option has been made.
- (d) An Option shall be regarded as accepted when the duplicate of the grant letter, comprising acceptance of the Option, duly signed by the Grantee is received by the Company within the period referred to in paragraph 3(c).
- (e) Where any grant of Options is proposed to be made to an Eligible Person who is a Director, Chief executive or Substantial Shareholder of the Company, or any of their respective Associates, or to any trust or company to which a Director, Chief Executive or Substantial Shareholder of the Company is related in the manner set out in paragraph 2(a)(ii) or (iii), such grant (with the relevant terms and conditions including without limitation any performance targets set by the Board) must first be approved by all the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed Grantee of such Options). No Director or any of his Associates shall be involved in deciding his own remuneration including any grant of Options. The Remuneration Committee, a majority of members of which mainly comprises non-executive Directors, is responsible for considering and recommending for the Board's approval each year whether grants to executive directors will be awarded, and the performance targets to be applied.
- (f) Without prejudice to the generality of paragraph 3(e), where any grant of Options is proposed to be made to an Eligible Person who is a Substantial Shareholder or an independent non-executive director of the Company, or any of their respective Associates, or to any trust or company to which a Substantial Shareholder or an independent non-executive director of the Company is related in the manner set out in paragraph 2(a)(ii) or (iii), which would result in the Shares issued and which may fall to be issued upon the exercise of such Options proposed to be granted and all other options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the 2009 Share Option Scheme and any other share option scheme(s) of the Company and/or any Subsidiary in the 12-month period up to and including the proposed Grant Date for such Options:
- (i) representing in aggregate over 0.1 per cent. (0.1%) of the number of Shares then in issue; and



- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such Options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million,

then such grant of Options must first be approved by the shareholders of the Company in general meeting at which meeting all the Connected Persons of the Company shall abstain from voting in favour at the general meeting, where such Connected Persons may vote against the relevant resolution at the general meeting provided that their intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules. Any vote taken at the meeting to approve the proposed grant of such Options must be taken on a poll.

- (g) Any proposed change in the terms of Options granted to an Eligible Person who is a Substantial Shareholder or an independent non-executive director of the Company, or any of their respective Associates, or to any trust or company to which a Substantial Shareholder or an independent non-executive director of the Company is related in the manner set out in paragraph 2(a) (ii) or (iii), must first be approved by the shareholders of the Company in general meeting at which meeting all the Connected Persons of the Company shall abstain from voting in favour at the general meeting, where such Connected Persons may vote against the relevant resolution at the general meeting provided that their intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules. Any vote taken at the meeting to approve the proposed change to the terms of such Options must be taken on a poll.
- (h) Subject to the provisions of the 2009 Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may, on a case by case basis and at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the 2009 Share Option Scheme as it may think fit (which shall be stated in the letter containing the grant of the Option) including (without prejudice to the generality of the foregoing):
  - (i) the continuing eligibility of the Grantee under the 2009 Share Option Scheme, and in particular, where the Board resolves that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, which may be set by the Board at its absolute discretion from time to time, the Option (whether or not it is subject to a Vesting Period and to the extent that it has not already been exercised) shall lapse;
  - (ii) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, which may be varied by the Board at its absolute discretion from time to time, failing which the Option (whether or not it is subject to a Vesting Period and to the extent that it has not already been exercised) shall lapse unless otherwise resolved to the contrary by the Board;
  - (iii) in the event that the Grantee is a corporation, that any material change of the management and/or any change in the shareholding of the Grantee shall constitute a failure to meet the continuing eligibility criteria under the 2009 Share Option Scheme;

- (iv) in the event that an Option is granted to a trust pursuant to paragraph 2(a)(ii), that any change of the beneficiary of such trust which results in the Eligible Person to which the trust is related ceasing to be a beneficiary of such trust shall constitute a failure to meet the continuing eligibility criteria under the 2009 Share Option Scheme;
- (v) in the event that an Option is granted to a discretionary trust pursuant to paragraph 2(a)(ii), that any change of the discretionary objects of such discretionary trust which results in the Eligible Person to which the discretionary trust is related ceasing to be a discretionary object of such discretionary trust shall constitute a failure to meet the continuing eligibility criteria under the 2009 Share Option Scheme;
- (vi) conditions, restrictions or limitations relating to the achievement of operating or sales or financial targets, which may include, but not limited to, earnings per share, total shareholders' value, turnover growth, net profit growth of the Company and retail or franchise store growth, or a combination thereof during a certain performance period, which may be benchmarked against the previous year's performance, to be determined by the Board from time to time;
- (vii) the satisfactory performance of certain obligations by the Grantee;
- (viii) the Vesting Period; or
- (ix) in the event that the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee for any reason or has tendered a notice of resignation or has received a notice of termination of employment and within 2 years from the date of such cessation of employment, or tender of notice of resignation or receipt of notice of termination of employment, whichever is earlier, agrees to become employed, engaged or otherwise associated with or is employed, engaged or otherwise associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group, the Grantee shall deliver to the Company forthwith the entire economic benefit derived from any and all Shares allotted to the Grantee by the Company pursuant to the Options which have been or will be exercised by the Grantee under the Scheme.

#### **4. SUBSCRIPTION PRICE OF SHARES**

The Subscription Price for any Share under the 2009 Share Option Scheme shall be a price determined by the Board and notified on each Grantee (in the letter containing the offer of the grant of the Option) and shall not be less than the highest of (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a Business Day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Grant Date; and (c) the nominal value of a Share. The Subscription Price shall also be subject to any adjustments made in a situation contemplated under paragraph 9.

**5. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (a) The maximum number of Shares in respect of which Options may be granted under the 2009 Share Option Scheme (including the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted to any Eligible Person) shall not exceed 10 per cent. of the number of Shares in issue on the Adoption Date or any limits that may be imposed under the Listing Rules from time to time as amended and in force, whichever is lower.
- (b) The maximum number of Shares referred to in sub-paragraph (a) above shall be adjusted, in such manner as the Auditors or the independent financial adviser of the Company shall certify as fair and reasonable in accordance with paragraph 9.

*Note: Shareholders of the Company should note that the current Listing Rules provide that:*

- (i) The total number of securities which may be issued upon exercise of all options to be granted under the 2009 Share Option Scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the 2009 Share Option Scheme. Options lapsed in accordance with the terms of the 2009 Share Option Scheme will not be counted for the purpose of calculating the 10% limit.
- (ii) The listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the 2009 Share Option scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The listed issuer must send a circular to its shareholders containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iii) A listed issuer may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10 per cent (10%) limit under the 2009 Share Option Scheme in accordance with the provisions of the Listing Rules. Accordingly, if the prior approval of the Shareholders of the Company in general meeting is obtained in accordance with the relevant procedural requirements of the Listing Rules, the Board may grant Options to such Eligible Person in respect of such number of Shares and on such terms as may be specified in the said Shareholders’ approval, notwithstanding that such grant of Options will result in any of the 10 per cent. (10%) limits referred to in (ii) and (iii) above being exceeded.
- (iv) The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 Share Option Scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed issuer (or the subsidiary) if this will result in the limit being exceeded.

**6. TIME OF EXERCISE OF OPTION**

- (a) Subject to certain restrictions contained in the 2009 Share Option Scheme, a Vested Option may be exercised in accordance with the terms of the 2009 Share Option Scheme and the terms of grant set out in the grant letter referred to in paragraph 3(c) at any time during the applicable Option Period.

- (b) The right to exercise an Option is subject to and conditional upon the achievement of performance targets (if any) to be set by the Board and stated in the grant letter referred to in paragraph 3(c).

#### **7. RIGHTS ARE PERSONAL TO GRANTEE**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option, or any part thereof, in favour of such Grantee (whether or not it is subject to a Vesting Period and to the extent it has not already been exercised).

#### **8. RIGHTS ON DEATH/CEASING EMPLOYMENT/RETIREMENT**

Subject to the terms of the 2009 Share Option Scheme, a Vested Option may be exercised by the Grantee at any time during the applicable Option Period in accordance with the terms of the grant letter referred to in paragraph 3(c), provided that:

- (a) in the event of death of the Grantee (being an individual) before exercising the Option in full, his legal personal representatives may exercise the Vested Option up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine;
- (b) subject to sub-paragraphs (c) and (d) below, in the event of the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceasing to be an Employee for any reason other than his death or the termination of his employment on one or more of the grounds specified in paragraph 14(f), then, if the Option Period has not at the date of such cessation commenced, the Option shall lapse; and if the Option Period has commenced, the Grantee may exercise the Vested Option up to his entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 3 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable);
- (c) where the Grantee is an Employee, or the Grantee is related to an Employee as referred to in paragraph 2(a)(ii) or (iii), at the time of the grant of the relevant Option(s) and the employment of the Employee is terminated on the ground of disability due to physical injury or ill health or insanity and none of the events which would be a ground for termination of his employment specified in paragraph 14(f) has occurred (i) in the case of an Unvested Option, the Board shall have absolute discretion in determining whether the Unvested Option shall continue to be in full force and effect notwithstanding the cessation of the employment; and (ii) in the case of a Vested Option, the Grantee may exercise the Vested Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) within 3 months following such cessation or such longer period as the Board may determine;

- (d) where the Grantee is an Employee, or the Grantee is related to an Employee as referred to in paragraph 2(a)(ii) or (iii), at the time of the grant of the relevant Option(s), in the event that such Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) shall cease to be an Employee but becomes, or continues to be, a Director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as defined in paragraph 2(a)(i)), then (i) in the case of an Unvested Option, the Board shall have absolute discretion in determining whether the Unvested Option shall continue to be in full force and effect; and (ii) in the case of a Vested Option, the Vested Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) can be exercised within 3 months following the date of such cessation or such longer period as the Board may determine;
- (e) in the event of the Grantee who is a Director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate but not an Employee, or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceasing to be a Director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a Grantee being an individual), any Unvested Option shall lapse and the Vested Option (to the extent exercisable as at the date of such cessation and not exercised) can be exercised within 3 months following the date of such cessation;
- (f) subject to the provisions of the 2009 Share Option Scheme, in the event of the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee by reason of retirement in accordance with his employment contract and/or the retirement policy of the Group, the Options granted to such Grantee whether vested or not shall be automatically and immediately accelerated so that all such Options shall become vested and exercisable within 3 months after the date of such retirement, unless the Board has notified the Grantee in writing on or prior to the date of such retirement that the acceleration set out in this paragraph does not apply to the Options granted to the Grantee. All outstanding Options so vested which are not exercised within the 3 months after the date of retirement shall lapse upon the expiry of the aforesaid 3-month period. The Board's determination as to (i) whether an Employee ceases to be an Employee by reason of retirement and (ii) what is the date of retirement shall be final and binding on the Grantee.

**9. EFFECTS OF ALTERATIONS TO CAPITAL**

Subject to the provisions as described in the clause under “Maximum Number of Shares Available for Subscription” of the 2009 Share Option Scheme, in the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation issue (including an issue of scrip dividend), rights issue or other general offer of securities made by the Company to holders of Shares, consolidation, subdivision or reduction of capital of the Company or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made in:

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares referred to in paragraph 5.

The Auditors or the independent financial adviser of the Company shall certify in writing to the Board the alterations, and according to their opinion based on fairness and reasonableness either generally or as regards any particular Grantee (except in the case of a capitalisation issue where no such certification shall be required unless otherwise expressly required by the Board) and satisfy the requirement that such alterations give the Grantee the same proportion of the equity capital as that to which that the Grantee was previously entitled, provided that:

- (i) any such alterations shall be made on the basis that the relevant total Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt, the issue of securities as consideration in a transaction to which the Company is a party shall not be regarded as a circumstance requiring any such alterations.

**10. RIGHTS ON A TAKEOVER**

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers), the

Grantee shall be entitled to exercise the Vested Option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers).

#### **11. RIGHTS ON A SCHEME OF ARRANGEMENT**

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Subscription Price payable in respect of the exercise of the relevant Vested Option (such notice to be received by the Company not later than five Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Vested Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

#### **12. RIGHTS ON A VOLUNTARY WINDING UP**

In the event notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Subscription Price payable in respect of the exercise of the relevant Vested Option (such notice to be received by the Company not later than five Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Vested Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

#### **13. RIGHTS ATTACHING TO SHARES UPON EXERCISE OF AN OPTION**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date

other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered in to the register of members of the Company as the holder thereof.

#### **14. LAPSE OF OPTION**

An Option (whether or not such Option is subject to a Vesting Period and to the extent such Option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 8(a), (b), (c), (d) and (e);
- (c) subject to the Supreme Court of Bermuda not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph 10;
- (d) the date of the commencement of the winding-up of the Company in respect of the situation contemplated in paragraph 12;
- (e) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 11;
- (f) the date on which the Grantee who is an Employee, or the Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or has become insolvent or is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract or terms of office with the Company or the relevant Subsidiary. A resolution of Board or the board of directors of the relevant Subsidiary to the effect that the employment of a Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee;
- (g) the happening of any of the following events, unless otherwise waived by the Board:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);



- (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies Ordinance or any similar provisions under the Companies Act) or otherwise become insolvent;
- (iii) there is unsatisfied judgment, order or award outstanding against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or the Company has reason to believe that the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) is unable to pay or have no reasonable prospect of being able to pay his debts;
- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above;
- (v) a bankruptcy order has been made against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or any Director of the Grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or any Director of the Grantee (being a corporation) in any jurisdiction;
- (h) where the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) commits a breach of paragraph 7, the date on which the Board shall exercise the Company's right to cancel the Option;
- (i) the date on which the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board;
- (j) the date on which the Board resolves that the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to paragraph 3(h)(i); or
- (k) the date on which the Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) agrees to become employed or is employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated with or is associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group.

**15. CANCELLATION OF OPTIONS GRANTED**

The Board shall have the absolute discretion to cancel any Options granted at any time at the request of the Grantee provided that where an Option is cancelled, a new Option can only be proposed to be granted to the same Grantee if there are available Shares in the authorised but unissued share capital of the Company comprising in ungranted Options (excluding for this purpose all cancelled Options) within the limits referred to in paragraph 5.

**16. ALTERATION TO THE 2009 SHARE OPTION SCHEME AND TERMINATION**

- (a) The 2009 Share Option Scheme may be altered in any respect by resolution of the Board except (i) for the provisions of the 2009 Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the shareholders of the Company in general meeting; and (ii) any alterations to the terms and conditions of the 2009 Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the 2009 Share Option Scheme, unless where the sole purpose of the alteration is to align the provisions of the 2009 Share Option Scheme with the amendments to the applicable laws, regulations or Listing Rules then the alteration may be approved by resolution of the Board and does not require shareholders' approval at general meeting.
- (b) Any change to the authority of the Board in relation to any alteration to the terms of the 2009 Share Option Scheme must first be approved by the shareholders of the Company in general meeting. The Board shall ensure that the amended terms of the 2009 Share Option Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.
- (c) The Company, by resolution in general meeting or the Board may at any time terminate the operation of the 2009 Share Option scheme and in such event no further Options will be offered but the provisions of the 2009 Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms on which the Options are granted.

**17. CONDITIONS OF THE 2009 SHARE OPTION SCHEME**

The 2009 Share Option Scheme shall take effect subject to the passing of necessary resolution to adopt the 2009 Share Option Scheme by the shareholders of the Company in a general meeting of the Company and is conditional upon (a) the Stock Exchange granting approval of the 2009 Share Option Scheme and the listing of and permission to deal in any Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the 2009 Shares Option Scheme; and (b) if necessary, the Bermuda Monetary Authority granting permission for the issue and free transfer of any Shares to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the 2009 Share Option Scheme.

**18. ADMINISTRATION OF THE 2009 SHARE OPTION SCHEME**

- (a) Subject to paragraphs 16 and 17, the 2009 Share Option Scheme shall be valid and effective (after which no further Options will be granted or accepted) for the Scheme Period but the provisions of the 2009 Share Option Scheme shall remain in full force, and the effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as maybe required in accordance with the provisions of the 2009 Share Options Scheme.
  
- (b) The 2009 Share Option Scheme shall be administered by the Board whose decision (save as otherwise provided in the 2009 Share Option Scheme) shall be final and binding on all parties.

**19. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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## NOTICE OF ANNUAL GENERAL MEETING

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# ESPRIT

## ESPRIT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00330)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Esprit Holdings Limited will be held at Victoria Room and Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong, on 10 December 2009 at 4:30 pm for the purpose of transacting the following business:

As ordinary business:

- (1) To receive and consider the audited consolidated financial statements and the Reports of the Directors and Auditors of the Group for the year ended 30 June 2009.
- (2) To approve a final dividend of 0.72 Hong Kong dollar per Share for the year ended 30 June 2009.
- (3) To approve a special dividend of 1.33 Hong Kong dollar per Share for the year ended 30 June 2009 to be satisfied by way of mandatory scrip dividend and capitalisation from share premium.
- (4) (a) To re-elect the following persons as directors of the Company:
  - (i) Mr Heinz Jürgen Krogner-Kornalik;
  - (ii) Mr Jürgen Alfred Rudolf Friedrich;
  - (iii) Mr Ronald Van Der Vis;
  - (iv) Mr Chew Fook Aun; and
  - (v) Mr Francesco Trapani.
- (b) To authorise the board of directors to fix the directors' fees.
- (5) To re-appoint Messrs. PricewaterhouseCoopers as Auditors at remuneration to be determined by the directors of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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And as special business, to consider and, if thought fit, to pass with or without modification, the following resolutions (6) to (8) as ordinary resolutions:

### ORDINARY RESOLUTIONS

(6) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares of the Company (“**Shares**”) and any securities which carry a right to subscribe for or purchase Shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of Shares which may be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company, and the total number of any securities which carry a right to subscribe for or purchase Shares which may be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of such securities of the Company (or any relevant class thereof), in each case in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings; or
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”

(7) **“THAT:**

- (a) subject to the restriction on discounts and restriction on refreshment of this mandate as stated in the circular to the shareholders of the Company dated 10 November 2009 and subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional shares of the Company (“**Shares**”) and to make or grant offers, agreements and options during the Relevant Period which would or might require Shares to be issued, allotted or dealt with during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the total nominal amount of additional Shares issued, allotted, dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with, pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into shares of the Company, or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 5 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of passing of this resolution; and
  - (c) for the purposes of this resolution:
    - (i) **“Relevant Period”** means the period from the passing of this resolution until whichever is the earlier of:
      - (a) the conclusion of the next annual general meeting of the Company;
      - (b) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings; or
      - (c) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held;
    - (ii) **“Rights Issue”** means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares or any class thereof on a fixed record date in proportion to their then holdings of Shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”
- (8) **“THAT**
- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the shares of the Company (**“Shares”**) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme (the **“New Share Option Scheme”**), the terms and conditions of which are set out in the document marked “A” which has been produce of identification, the New Share Option Scheme and all the terms and conditions contained therein be and are hereby approved and adopted by the Company;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the directors of the Company be and are hereby authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the New Share Option Scheme and to do all such acts as they may in their absolute discretion consider necessary or expedient in order to give full effect to the New Share Option Scheme; and
- (c) subject to paragraph (a) hereinabove, the share option scheme adopted by the Company on 26 November 2001 (the “2001 Share Option Scheme”) be and is hereby terminated with immediate effect provided that the options which have been granted and remained outstanding and/or committed shall continue to follow the provisions of the 2001 Share Option Scheme and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”

By order of the Board  
**Esprit Holdings Limited**  
**Bella Chhoa Peck Lim**  
*Company Secretary*

Hong Kong, 10 November 2009

*Principal place of business in Hong Kong:*

43/F, Enterprise Square Three  
39 Wang Chiu Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Notes:*

- (a) The Register of Members of the Company will be closed from Monday, 30 November 2009 to Thursday, 10 December 2009, during such period no transfer of Shares of the Company can be registered.
- (b) The Directors have recommended a final dividend of HK\$0.72 per Share and a special dividend of HK\$1.33 per Share.
- (c) Any Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed. A form of proxy for use in connection with the Annual General Meeting is enclosed with the circular to Shareholders dated 10 November 2009.
- (d) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the Annual General Meeting or adjourned meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (e) In order to qualify for the final and special dividends mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at the address given in Note (d) above not later than 4:00 pm on Friday, 27 November 2009.
  
- (f) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.