
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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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
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Victoria & Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 24 November 2010 at 3:30 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 18 to 20 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, 26 October 2010

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DEFINITIONS

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
“2009 Share Option Scheme”	the share option scheme of the Company adopted at the annual general meeting of the Company held on 10 December 2009
“Annual General Meeting”	the annual general meeting of the Company to be held at Victoria & Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 24 November 2010 at 3:30 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
“Directors”	directors of the Company
“Final Dividend”	the final dividend of HK\$0.67 per Share of the Company recommended by the Directors for the year ended 30 June 2010
“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”	20 October 2010, 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

DEFINITIONS

“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”	24 November 2010
“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
“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, 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
“Scrip Dividend Reinvestment Scheme”	a scheme of arrangement that allow the Shareholders to elect to receive their Final Dividend 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

LETTER FROM THE BOARD

ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00330)

Chairman:

Heinz Jürgen KROGNER-KORNALIK

Non-executive Director

Deputy Chairman:

Paul CHENG Ming Fun

Independent Non-executive Director

Executive Directors:

Ronald VAN DER VIS, *Group Chief Executive Officer*

CHEW Fook Aun, *Group Chief Financial Officer*

Non-executive Director:

Jürgen Alfred Rudolf FRIEDRICH

Independent Non-executive Directors:

Alexander Reid HAMILTON

Dr. Hans-Joachim KÖRBER

Raymond OR Ching Fai

Francesco TRAPANI

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

43/F, Enterprise Square Three

39 Wang Chiu Road

Kowloon Bay

Kowloon Hong

Kong

26 October 2010

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
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; and (iv) the Final Dividend with scrip alternative.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES (*Resolution 5*)

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 6*)

(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 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.

LETTER FROM THE BOARD

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).*
- 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;*

LETTER FROM THE BOARD

- (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(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)."*
- “(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,*

LETTER FROM THE BOARD

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, the Board has no present intention to grant or issue any further Shares.

RE-ELECTION OF DIRECTORS (*Resolution 3*)

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 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.

In accordance with Bye-laws 87(1) and (2), Mr Paul Cheng Ming Fun, Mr Alexander Reid Hamilton and Mr Raymond Or Ching Fai will retire from office by rotation 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.

LETTER FROM THE BOARD

The Nomination Committee has assessed the independency of Mr Cheng, Mr Hamilton and Mr Or who have been Independent Non-executive Directors of the Company for over nine years and considered Mr Cheng, Mr Hamilton and Mr Or continue to be independent. The Company has received confirmation from Mr Cheng, Mr Hamilton and Mr Or as to their independence in compliance with the requirements of the Listing Rules.

SCRIP DIVIDEND REINVESTMENT SCHEME FOR FINAL DIVIDEND

On 2 September 2010, it was announced that the Board recommended the distribution of a Final Dividend of HK\$0.67 per Share for the year ended 30 June 2010.

As part of the initiative to maintain strong balance sheet for future growth, the Board has recommended to provide the Shareholders with an option to receive the Final Dividend in form of new fully paid Shares in lieu of cash.

Subject to the approval of Shareholders at the Annual General Meeting, the Final Dividend will be payable to the Shareholders whose names appear on the Register of Members of the Company at close of business on 24 November 2010. In order to qualify for the Final 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 Wednesday, 17 November 2010.

Dividend warrants and share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme will be despatched by ordinary mail on or around 29 December 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*

Under the Scrip Dividend Reinvestment Scheme, the Shareholders have the following choices in respect of the Final Dividend for each of their Shares held at record date:

- (i) cash of HK\$0.67 as final dividend; 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 18 November 2010 (the "Average Closing Price").

LETTER FROM THE BOARD

Accordingly, the number of the Scrip Shares which the Shareholders may receive in respect of the existing Shares registered in their names as at 24 November 2010 will be calculated as follows:

$$\begin{array}{l} \text{Number of} \\ \text{the Scrip Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of existing Shares} \\ \text{held on Record Date for which} \\ \text{election for Scrip Shares is made} \end{array} \times \frac{\text{HK\$0.67} \\ \text{(Final Dividend per Share)}}{\text{Average Closing Price}}$$

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 15 December 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:

$$\begin{array}{l} \text{Residual} \\ \text{dividend} \\ \text{entitlement} \end{array} = \begin{array}{l} \text{Number of} \\ \text{existing Shares} \\ \text{held on} \\ \text{Record Date} \end{array} \times \begin{array}{l} \text{HK\$0.67} \\ \text{(Final Dividend} \\ \text{per Share)} \end{array} - \begin{array}{l} \text{Number of the} \\ \text{Scrip Shares} \\ \text{elected to be} \\ \text{received} \end{array} \times \begin{array}{l} \text{Average Closing} \\ \text{Price} \end{array}$$

Example

For illustration purpose, if the Average Closing Price is HK\$44 and you have 1,000 Shares at the record date and you choose: -

Option 1 — To receive your entire Final Dividend in cash, you will receive HK\$670 cash.

$$\begin{array}{l} \text{Dividend entitlement} \\ \\ \end{array} = 1,000 \times \text{HK\$0.67 (Final Dividend per Share)} \\ = \text{HK\$670}$$

Option 2 — To receive 40% of your Final Dividend in Scrip Shares, you will receive 6 Scrip Shares and HK\$406 cash.

$$\begin{array}{l} \text{Number of the Scrip} \\ \text{Shares to be received} \end{array} = 400 \times \frac{\text{HK\$0.67 (Final Dividend per Share)}}{\text{HK\$44}} \\ = 6.0909 \text{ Scrip Shares}$$

$$\begin{array}{l} \text{Residual dividend entitlement} \\ \\ \end{array} = 1,000 \times \text{HK\$0.67 (Final Dividend per Share)} - 6 \times \text{HK\$44} \\ = \text{HK\$406}$$

Option 3 — To receive your entire Final Dividend in Scrip Shares, you will receive 15 Scrip Shares and HK\$10 cash.

$$\begin{array}{l} \text{Number of the Scrip} \\ \text{Shares to be received} \end{array} = 1,000 \times \frac{\text{HK\$0.67 (Final Dividend per Share)}}{\text{HK\$44}} \\ = 15.2272 \text{ Scrip Shares}$$

$$\begin{array}{l} \text{Residual dividend entitlement} \\ \\ \end{array} = 1,000 \times \text{HK\$0.67 (Final Dividend per Share)} - 15 \times \text{HK\$44} \\ = \text{HK\$10}$$

LETTER FROM THE BOARD

(ii) *Advantages of the Scrip Dividend Reinvestment Scheme for Final 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*

The Final Dividend is conditional upon the passing of the relevant resolutions at the annual general meeting. The Scrip Dividend Reinvestment Scheme for Final Dividend is 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 Final Dividend will be paid wholly in cash.

(iv) *Effect of the Scrip Dividend Reinvestment Scheme for Final Dividend*

The Shareholders should note that the Scrip Shares to be allotted under the Scrip Dividend Reinvestment Scheme for Final 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 and the 2009 Share Option Scheme*

In accordance with the terms of the 2001 Share Option Scheme and the 2009 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 and the 2009 Share Option Scheme respectively.

(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

LETTER FROM THE BOARD

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 15 December 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, France, Germany, Malaysia, People's Republic of China, Singapore, Spain, Taiwan, United Arab Emirates and United Kingdom. Given the existing shareholder base as at the Latest Practicable Date, out of these jurisdictions, none of these jurisdictions require 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.

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash for 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 for Final Dividend after the relevant resolution is passed at the Annual General Meeting.

The share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme for Final Dividend will be despatched to the Shareholders at their risk by ordinary mail on or around 29 December 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 29 December 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.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 18 to 20 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 and the payment of final dividend with scrip alternatives.

LETTER FROM THE BOARD

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.

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.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Board considers that the granting of the Repurchase Mandate, the granting of the Issue Mandate, the re-election of retiring Directors and the payment of Final Dividend with scrip alternatives 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 Paul Cheng Ming Fun, Mr Alexander Reid Hamilton and Mr Raymond Or Ching Fai 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

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

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 1,288,227,960 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 128,822,796 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 2010 (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.

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

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>
2009		
September	54.80	45.50
October	57.55	48.85
November	56.80	50.15
December	55.00	46.10
2010		
January	58.70	51.05
February	59.60	51.80
March	64.45	54.55
April	63.50	54.20
May	56.25	40.50
June	46.90	41.10
July	49.20	40.80
August	49.80	42.80
September	45.00	39.70
October (up to the Latest Practicable Date)	45.65	41.10

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 112,723,349 Shares, representing approximately 8.75% of the issued share capital of the Company as at such date.

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

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 Company would be increased to approximately 9.72% 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.

APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Paul Cheng Ming Fun, aged 74, has been an Independent Non-executive Director of the Company since November 2002 and became Deputy Chairman of the Company effective from 20 July 2008. Mr CHENG is also an independent non-executive director of several companies which are listed on The Stock Exchange of Hong Kong Limited, and the AIM Board of the London Stock Exchange. He was a former member of the Hong Kong Legislative Council as well as Chairman of Inchcape Pacific Limited, N M Rothschild & Sons (Hong Kong) Ltd., The Link Management Limited, the Hong Kong General Chamber of Commerce, and the American Chamber of Commerce in Hong Kong. He is currently an Honorary Steward of the Hong Kong Jockey Club. Save as disclosed above, Mr Cheng has not held any position in any other listed public company within the past three years.

Mr Cheng 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 Cheng does not have any interests (within the meaning of Part XV of the SFO) in the Shares.

Mr Cheng does not have a service contract with the Company. Mr Cheng 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 Cheng is entitled to a director's fee which is HK\$805,000 per annum, comprising HK\$75,000 for acting as Deputy Chairman of the Board, HK\$480,000 for his directorship, HK\$150,000 for acting as chairman of the Nomination Committee and HK\$100,000 for acting as a member of the Audit Committee. Mr Cheng'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 Cheng's attention as one of its Independent Non-executive Directors. Mr Cheng is the chairman of the Nomination Committee and a member of the Audit Committee of the Company.

Alexander Reid Hamilton, aged 69, has been an Independent Non-executive Director of the Company since August 1995. He is also a director of CITIC Pacific Limited, China Cosco Holdings Company Limited, Shangri-La Asia Limited, Octopus Cards Limited and a number of other Hong Kong companies. He was a partner of Price Waterhouse with whom he practiced for 16 years. Save as disclosed above, Mr Hamilton has not held any position in any other listed public company within the past three years.

Mr Hamilton 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 Hamilton does not have any interests (within the meaning of Part XV of the SFO) in the Shares.

Mr Hamilton does not have a service contract with the Company. Mr Hamilton 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 Hamilton is entitled to a director's fee which is HK\$735,000 per annum, comprising HK\$480,000 for his directorship, HK\$170,000 for acting as chairman of the Audit Committee and HK\$85,000 for acting as a member of the Remuneration Committee. Mr Hamilton'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 on Mr Hamilton's attention as one of its Independent Non-executive Directors. Mr Hamilton is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

APPENDIX II PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION

Raymond Or Ching Fai, aged 60, has been an Independent Non-executive Director of the Company since 1996. He is an executive director, chief executive officer and vice chairman of China Strategic Holdings Limited, an independent non-executive director and a vice chairman of G-Resources Group Ltd. and a director of 2009 East Asian Games (Hong Kong) Limited. He was the former vice chairman and chief executive of Hang Seng Bank Limited, the former chairman of Hang Seng Life Limited and a director of The Hongkong and Shanghai Banking Corporation Limited, Cathay Pacific Airways Limited and Hutchison Whampoa Limited until his retirement in May 2009. Save as disclosed above, Mr Or has not held any position in any other listed public company within the past three years.

Mr Or 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 Or does not have any interests (within the meaning of Part XV of the SFO) in the Shares.

Mr Or does not have a service contract with the Company. Mr Or 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 Or is entitled to a director's fee which is HK\$730,000 per annum, comprising HK\$480,000 for his directorship, HK\$150,000 for acting as chairman of the Remuneration Committee and HK\$100,000 for acting as a member of the Audit Committee. Mr Or'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 Or's attention as one of its Independent Non-executive Directors. Mr Or is the chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Save as disclosed above and save for the information as disclosed in the Company's announcements dated 2 January 2009 and 6 April 2009 in relation to Mr Hamilton, as at the Latest Practicable Date, there are no other matters concerning Mr Cheng, Mr Hamilton and Mr Or relating to their re-election that need 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.

NOTICE OF ANNUAL GENERAL MEETING

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 & Chater Room, 2/F, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 24 November 2010 at 3:30 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 2010.
- (2) To approve a final dividend of 0.67 Hong Kong dollar per Share for the year ended 30 June 2010 with scrip alternative.
- (3) (a) To re-elect the following persons as directors of the Company:
 - (i) Mr Paul Cheng Ming Fun;
 - (ii) Mr Alexander Reid Hamilton; and
 - (iii) Mr Raymond Or Ching Fai;
- (b) To authorise the board of directors to fix the directors' fees.
- (4) To re-appoint Messrs. PricewaterhouseCoopers as Auditors at remuneration to be determined by the directors of the Company.

And as special business, to consider and, if thought fit, to pass with or without modification, the following resolutions (5) to (6) as ordinary resolutions:

ORDINARY RESOLUTIONS

- (5) **“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

NOTICE OF ANNUAL GENERAL MEETING

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.”

- (6) “**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 26 October 2010 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;

 - (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

NOTICE OF ANNUAL GENERAL MEETING

- (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).”

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

Hong Kong, 26 October 2010

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 Thursday, 18 November 2010 to Wednesday, 24 November 2010, during such period no transfer of Shares of the Company can be registered.
- (b) The Directors have recommended a final dividend of HK\$0.67 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 26 October 2010.
- (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.
- (e) In order to qualify for the final dividend 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 Wednesday, 17 November 2010.
- (f) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.