
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of 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.

The logo for Esprit Holdings Limited, featuring the word "ESPRIT" in a bold, red, sans-serif font. The letter "E" is stylized with three horizontal bars.

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 330)

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Room 4703, 47/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Tuesday, December 5, 2006 at 4:00 p.m. or any adjournments of the meeting, at which the proposed resolutions as stated in the aforesaid notice will be considered, is contained in pages 12 to 14 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 so that it is received not less than 48 hours before the time of the Annual General Meeting by the branch share registrar of the Company in Hong Kong, 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, November 10, 2006

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	3
GRANTING OF THE ISSUE MANDATE AND THE REPURCHASE MANDATE	4
RE-ELECTION OF DIRECTORS	4
ANNUAL GENERAL MEETING	5
RIGHT TO DEMAND POLL	5
RECOMMENDATIONS	6
RESPONSIBILITY STATEMENT	6
APPENDIX I – EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE	7
APPENDIX II – PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION	10
NOTICE OF ANNUAL GENERAL MEETING	12

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Room 4703, 47/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Tuesday, December 5, 2006 at 4:00 p.m.
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Code”	the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are primary listed on the Stock Exchange and secondary listed on the London Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares during the relevant period up to a maximum of 10 per cent. of the issued share capital of the Company, except in the case of an allotment of Shares during the relevant period solely for cash and unrelated to any asset acquisition, up to a maximum of 5 per cent. of the issued share capital of the Company, as at the date of passing of the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	November 6, 2006, being the latest practicable date prior to the issue 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

“PRC”	the People’s Republic of China
“Repurchase Mandate”	the general mandate to the Directors to exercise the powers of the Company to repurchase fully paid Shares and any securities which carry a right to subscribe for or purchase Shares during the relevant period up to a maximum of 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
“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



ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Michael YING Lee Yuen (*Chairman*)
Heinz Jürgen KROGNER-KORNALIK
John POON Cho Ming
Thomas Johannes GROTE
Jerome Squire GRIFFITH

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Paul CHENG Ming Fun*
Jürgen Alfred Rudolf FRIEDRICH
Alexander Reid HAMILTON*
Raymond OR Ching Fai*

Principal Place of Business:

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

* *Independent Non-executive Directors*

November 10, 2006

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Directors wish to seek the approval of the Shareholders at the Annual General Meeting for the granting of the Issue Mandate and the Repurchase Mandate and the proposed re-election of Directors.

The purpose of this circular is to (a) provide you with details of the Issue Mandate and the Repurchase Mandate; (b) present the proposal for the re-election of Directors; and (c) give you notice of the Annual General Meeting.

LETTER FROM THE BOARD

GRANTING OF THE ISSUE MANDATE AND THE REPURCHASE MANDATE

Three ordinary resolutions numbered (6), (7) and (8) in the notice of the Annual General Meeting will be proposed in relation to the Repurchase Mandate, the Issue Mandate and the extension to the Issue Mandate to issue and allot additional Shares by the addition thereto of the total nominal amount of Shares which may be purchased by the Company under the Repurchase Mandate, provided that such amount of Shares so purchased shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing the relevant resolutions.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of the Issue Mandate at the Annual General Meeting.

The Directors would also seek the approval of the Shareholders for the grant of the Repurchase Mandate in accordance with the requirements set out in the Listing Rules. The 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 to this circular.

RE-ELECTION OF DIRECTORS

According to Bye-law 87(1), at each annual general meeting, 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 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.

LETTER FROM THE BOARD

In accordance with Bye-laws 87(1) and 87(2), Mr. Heinz Jürgen Krogner-Kornalik, Mr. Jürgen Alfred Rudolf Friedrich and Mr. Paul Cheng Ming Fun shall retire from office by rotation and all of them are eligible for re-election at the Annual General Meeting.

Information in respect of these three Directors that need to be disclosed or brought to the attention of Shareholders under the Listing Rules is set out in Appendix II to this circular.

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

Separate resolutions will be put forward at the Annual General Meeting for the re-election of Mr. Krogner-Kornalik, Mr. Friedrich and Mr. Cheng.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out in this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the granting of the Issue Mandate, the granting of the Repurchase Mandate and the re-election of Directors.

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, 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 proxy form will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

RIGHT TO DEMAND POLL

In accordance with the Company's Bye-laws, resolutions proposed at the Annual General Meeting shall be decided on a show of hand unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the Annual General Meeting; or
- (b) by at least 3 Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the Annual General Meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Annual General Meeting; or

LETTER FROM THE BOARD

- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the Annual General Meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATIONS

The Board considers that the granting of the Issue Mandate and the Repurchase Mandate and the re-election of the Directors are in the interests of the Company and the Shareholders, and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

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, that 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.

Yours faithfully,
For and on behalf of the Board
John Poon Cho Ming
Deputy Chairman

The following is the explanatory statement required to be sent to 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 1,220,640,434 Shares of HK\$0.10 each. On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the proposed Repurchase Mandate can accordingly result in up to 122,064,043 fully paid Shares being repurchased by the Company during the period ending on the earliest of the date of the next annual general meeting, 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 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 do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same 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 of the Company.

Under Bermuda law, any repurchases will be made out of the capital paid up thereon 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 will 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 June 30, 2006 (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 to repurchase Shares may potentially have a material adverse impact on the working capital position or gearing position of the Company as compared with its financial position as at June

30, 2006. The Directors do not propose to make any repurchase 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>
2005		
November	57.60	51.30
December	57.00	53.90
2006		
January	67.85	55.10
February	69.65	57.50
March	63.30	58.20
April	64.30	58.75
May	67.20	60.00
June	63.70	54.00
July	63.90	57.80
August	66.55	57.20
September	72.75	63.65
October	75.70	69.25
November (up to the Latest Practicable Date)	78.35	75.90

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase would be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's voting right at the time, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, JPMorgan Chase & Co., the then largest Shareholder, held 158,412,242 Shares (through various companies directly or indirectly controlled by it), representing approximately 12.98% 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, in the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate at the Annual General Meeting, the attributable interest of JPMorgan Chase & Co. in the Company would be increased to approximately 14.42% of the total issued share capital of the Company. 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 or its subsidiaries under the Repurchase Mandate if 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 do so, if 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.

REPURCHASES MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Heinz Jürgen Krogner-Kornalik, aged 65, is an Executive Director, Deputy Chairman and Chief Executive Officer of the Group. He has been with the Group since January 1995. 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-Kornalik has not held any position in any other listed public company within the past three years.

Mr. Krogner-Kornalik does not have any relationship with any director, member of senior management or other substantial or controlling shareholder of the Company. As at the Latest Practicable Date, apart from holding 5,800,000 share options in the Company, Mr. Krogner-Kornalik had no other interests (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares of the Company.

Mr. Krogner-Kornalik has entered into a service contract with the Company that does not provide for a fixed period of services and can be terminated by the Company by giving 4 months' notice. Mr. Krogner-Kornalik'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 amount of emoluments payable to Mr. Krogner-Kornalik is determined by reference to his qualification and experience. The total amount of Mr. Krogner-Kornalik's emoluments, inclusive of various allowances, discretionary bonus and benefits in kind, is approximately HK\$62,926,000 for the financial year ended June 30, 2006, among which share option benefits of HK\$16,470,000 is not covered by his service contract with the Company. Details of the emoluments of Mr. Krogner-Kornalik are set out in note 13 to financial statements for the financial year ended June 30, 2006 contained in the annual report of the Company.

Jürgen Alfred Rudolf Friedrich, aged 68, founded Esprit's European operations in 1976 and was appointed a Non-executive Director in 1997. He has over 32 years of experience in the apparel distribution and marketing business and is currently retired in the United States. 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 80,802,077 Shares of the Company, representing approximately 6.62 per cent. of the total issued share capital of the Company as at such date, within the meaning of Part XV of the Securities and Futures Ordinance. 79,251,176 of such Shares were held by himself as the beneficial owner, 1,500,000 Shares were held by him through JAF Foundation, a company that Mr. Friedrich controls 100 per cent. shareholding interest and 50,901 Shares were held by him through 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\$250,000 per annum in respect of the financial year commencing July 1, 2005, comprising HK\$200,000 for his directorship and an additional HK\$50,000 for the Board 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 on Mr. Friedrich's attention as its Non-executive Director. Mr. Friedrich is a member of the Company's Audit Committee.

Paul Cheng Ming Fun, aged 70, was appointed an Independent Non-executive Director of the Company in November 2002. Mr. Cheng 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 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, the Chairman and an independent non-executive director of The Link Management Limited (the manager of The Link Real Estate Investment Trust) and a director of Kingboard Chemical Holdings Ltd. (a company listed in Hong Kong). He is also a member of the Council of The Chinese University of Hong Kong. Mr. Cheng was previously a director of Hutchison Global Communications Holdings Ltd. (privatised in 2005), Hutchison Harbour Ring Ltd., New World Mobile Holdings Ltd., Sino Hotels (Holdings) Ltd., Sino Land Company Ltd., Tsim Sha Tsui Properties Ltd., The Wharf (Holdings) Ltd., MFI Furniture Group Plc and Spirent Plc, which are listed public companies. Save as disclosed above, Mr. Cheng has not held any directorship 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 had no interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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\$300,000 per annum in respect of the financial year commencing July 1, 2005, comprising HK\$200,000 for his directorship and an additional HK\$50,000 for each Board committee seat. 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 on Mr. Cheng's attention as one of its Independent Non-executive Directors. Mr. Cheng is a member of the Company's Audit Committee and Nomination Committee.

Save as disclosed above, there are no other matters concerning Mr. Krogner-Kornalik, Mr. Friedrich and Mr. Cheng 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.



ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Esprit Holdings Limited will be held at Room 4703, 47/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong, on Tuesday, December 5, 2006 at 4:00 p.m. 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 June 30, 2006.
- (2) To approve a final dividend of 0.73 Hong Kong dollar per Share for the year ended June 30, 2006.
- (3) To approve a special dividend of 1.08 Hong Kong dollar per Share for the year ended June 30, 2006.
- (4) To re-elect Mr. Heinz Jürgen KROGNER-KORNALIK, Mr. Jürgen Alfred Rudolf FRIEDRICH and Mr. Paul CHENG Ming Fun as Directors and authorise the Directors to fix their remuneration.
- (5) To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration.

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

NOTICE OF ANNUAL GENERAL MEETING

exceed 10 per cent. of such securities of the Company (or any relevant class thereof), in each case in issue on 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 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 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 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution provided that the aggregate nominal amount of the shares of any class so allotted (or so agreed conditionally or unconditionally to be allotted) pursuant to this resolution solely for cash and unrelated to any asset acquisition shall not exceed 5 per cent. of the aggregate nominal amount of the shares of that class in issue at the date of passing this resolution; and
 - (c) for the purposes of this resolution:
 - (i) “**Relevant Period**” shall have the same meaning as assigned to it under resolution number (6) set out in the notice convening this Meeting;

NOTICE OF ANNUAL GENERAL MEETING

- (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** subject to the passing of the resolutions numbers (6) and (7) above, the general mandate granted to the Directors of the Company to issue, allot and deal with any additional Shares pursuant to resolution number (7) above be and is hereby extended by the addition thereto of the total nominal amount of Shares which may be purchased by the Company under the authority granted pursuant to resolution number (6) above, provided that such amount of Shares so purchased shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing this resolution.”

By order of the Board
John Poon Cho Ming
Deputy Chairman

Hong Kong, November 10, 2006

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 will be closed on December 4, 2006 and December 5, 2006, during these two days no transfer of Shares of the Company can be registered.
- (b) The Directors have recommended a final dividend of HK\$0.73 per Share and a special dividend of HK\$1.08 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, in the event of a poll, to 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.
- (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, 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 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, Secretaries Limited at the address given in Note (d) above not later than 4:30 p.m. on Friday, December 1, 2006.
- (f) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.



ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 330)

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, DECEMBER 5, 2006 (AND AT ANY ADJOURNMENT THEREOF)

I/We (Note 1) _____

of (Note 2) _____

being the registered holder(s) of (Note 3) _____

shares of HK\$0.10 each in the share capital of Esprit Holdings Limited (the "Company"), hereby appoint THE CHAIRMAN OF THE MEETING (the "Chairman") or (Note 4) _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf in the manner indicated below, at the Annual General Meeting (the "Meeting"), and at any adjournment thereof, of the Company to be held at Room 4703, 47/F., Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Tuesday, December 5, 2006 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the resolutions as set out in the notice (the "Notice") convening the Meeting.

Ordinary Resolutions		For (Note 5)	Against (Note 5)
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 June 30, 2006.		
2.	To approve a final dividend of 0.73 Hong Kong dollar per share for the year ended June 30, 2006.		
3.	To approve a special dividend of 1.08 Hong Kong dollar per share for the year ended June 30, 2006.		
4.	To re-elect the following retiring Directors and authorise the Directors to fix their remuneration:		
	(i) Mr. Heinz Jürgen KROGNER-KORNALIK;		
	(ii) Mr. Jürgen Alfred Rudolf FRIEDRICH; and		
	(iii) Mr. Paul CHENG Ming Fun.		
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration.		
6.	To grant a general mandate to the Directors to purchase shares not exceeding 10 per cent. of the issued share capital of the Company.		
7.	To grant a general mandate to the Directors to issue, allot and deal with additional shares up to a maximum of 10 per cent. of the issued share capital of the Company, except in the case of an allotment of shares solely for cash and unrelated to any asset acquisition, up to a maximum of 5 per cent. of the issued share capital of the Company, as at the date of passing this resolution.		
8.	To extend the general mandate granted to the Directors to issue shares in resolution no. 7 by the number of shares repurchased.		

Dated this _____ day of _____ 2006

Shareholder's Signature (Notes 6 and 7) _____

Notes:

- Full name(s) to be inserted in **BLOCK CAPITALS**.
- Full address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- If any proxy other than the Chairman is preferred, strike out "the Chairman of the Meeting or" and insert the name and address of the proxy desired in the space provided. A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, in the event of a poll, vote on his/her behalf provided that if more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS PROXY.**
- IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, PUT A "✓" IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, PUT A "✓" IN THE BOX MARKED "AGAINST".** Failure to complete any or all boxes will entitle your proxy to cast your votes or abstain at his/her discretion. Your proxy will also be entitled to vote or abstain at his/her discretion on any resolution properly put to the Meeting other than those referred to in the Notice.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation must be either executed under its common seal or under the hand of an officer or attorney duly authorised.
- In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. In the case of joint holdings, any one shareholder may sign this form of proxy.
- To be valid, this form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
- The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- Completion and delivery of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
- ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**