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

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Esprit Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES**

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Resolutions will be proposed at the Annual General Meeting of Esprit Holdings Limited to be held at Victoriana Room, 4th Floor, Furama Hotel, One Connaught Road Central, Hong Kong on Monday, November 26, 2001 at 9:45 a.m. to approve the matters referred to in this circular. The Notice convening the Annual General Meeting, together with the form of proxy for use at the Annual General Meeting, are contained in/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 thereon and return it to the Registrar not less than 48 hours before the time appointed for holding the Annual General Meeting.

October 29, 2001

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Victoriana Room, 4th Floor, Furama Hotel, One Connaught Road Central, Hong Kong on Monday, November 26, 2001 at 9:45 a.m.
“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”	the directors of the Company
“Extension of the Issuance Mandate”	as defined in section II of the Letter from the Board of Directors
“Issuance Mandate”	as defined in section II of the Letter from the Board of Directors
“Latest Practicable Date”	October 15, 2001, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	a notice dated October 29, 2001 convening the Annual General Meeting, a copy of which is set out on pages 9 to 11 of this circular
“Registrar”	Secretaries Limited at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong, the Company’s share registrar in Hong Kong
“Repurchase Mandate”	as defined in section II of the Letter from the Board of Directors
“Share(s)”	share(s) of \$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	The Hong Kong Code on Takeovers and Mergers
“\$” and “cents”	Hong Kong dollars and cents respectively

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**LETTER FROM THE BOARD OF DIRECTORS**

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**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Michael YING Lee Yuen (*Chairman*)  
CHHIBBER Surinder (*Deputy Chairman*)  
Heinz Jürgen KROGNER-KORNALIK  
John POON Cho Ming  
Connie WONG Chin Tzi

*Registered Office:*

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

*Non-executive Directors:*

Jürgen Alfred Rudolf FRIEDRICH  
Alexander Reid HAMILTON\*  
Simon LAI Sau Cheong\*  
Raymond OR Ching Fai\*

*Principal Place of Business:*

10/F., 11 Yuk Yat Street  
Tokwawan  
Kowloon  
Hong Kong

\* *Independent non-executive Directors*

October 29, 2001

*To the Shareholders,*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES**

**I. INTRODUCTION**

The purpose of this circular is to provide you with information relating to the Repurchase Mandate and Issuance Mandate to enable you to make an informed decision on whether to vote for or against the relevant resolutions to be proposed at the Annual General Meeting.

The latest general mandates to repurchase Shares and to issue new Shares up to a maximum of 10% and 20% respectively of the issued share capital of the Company were granted to the Directors at the 2000 annual general meeting held on November 23, 2000.

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## LETTER FROM THE BOARD OF DIRECTORS

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### II. GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

The following ordinary resolutions will be proposed at the Annual General Meeting to approve the grant and the extension of new general mandates to the Directors:

- (a) to purchase fully paid up Shares of the Company on the Stock Exchange or any other stock exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting (“Repurchase Mandate”);
- (b) to allot, issue and deal in additional Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares in the Company (other than by way of rights or pursuant to a share option scheme for employees or directors of the Company and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangement or upon the exercise of rights of subscription or conversion under the terms of any securities or bonds convertible into Shares in the Company) and to make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the Annual General Meeting (“Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate (“Extension of the Issuance Mandate”).

The Repurchase Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in resolutions numbered 5 and 6 set out in the Notice.

Shareholders should refer to the explanatory statement contained in the Appendix of this circular, which sets out further information in relation to the proposed Repurchase Mandate.

### III. ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 9 to 11 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Repurchase Mandate, the Issuance Mandate and the Extension of the Issuance Mandate.

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## LETTER FROM THE BOARD OF DIRECTORS

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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 thereon and return it to the Registrar 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 you from attending and voting at the Annual General Meeting if you so wish.

#### **IV. RECOMMENDATION**

The Directors are of the opinion that the grant of the Repurchase Mandate, the Issuance Mandate and the Extension of the Issuance Mandate are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
On behalf of the Board of  
**Esprit Holdings Limited**  
**John Poon Cho Ming**  
*Executive Director*

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Repurchase Mandate to be proposed at the Annual General Meeting.

**1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

**(a) Shareholders' Approval**

The Listing Rules provide that all proposed on-market repurchases of shares (which must be fully paid up in the case of shares) by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

**(b) Source of Funds**

Repurchases must be funded out of funds which are legally available for such purpose in accordance with the company's constitutional documents, the laws of the jurisdiction in which the company is incorporated or otherwise established and any other applicable laws.

**(c) Maximum Number of Shares to be Repurchased and Subsequent Issues**

A maximum of 10% of the issued share capital as at the date of passing the relevant resolution may be repurchased on the Stock Exchange. No shares may be repurchased unless they are fully paid up.

A company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share repurchase, whether on the Stock Exchange or otherwise (other than an issue of shares pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue shares which were outstanding prior to the repurchase).

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was \$114,325,517.40 comprising 1,143,255,174 Shares of \$0.10 each.

Subject to the passing of ordinary resolution numbered 5 set out in the Notice and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, exercise in full of the Repurchase Mandate could accordingly result in up to 114,325,517 Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

**3. REASONS FOR REPURCHASE**

The Directors believe that the proposed Repurchase Mandate is in the interests of the Company and its Shareholders.

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.

**4. FUNDING OF REPURCHASES**

Repurchases must be made out of funds which are legally available for such purpose in accordance with the memorandum of association and bye-laws of the Company, the Listing Rules, the laws of Bermuda and any other applicable laws.

The Company is empowered by its memorandum of association and bye-laws to purchase its Shares. Bermuda law provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the financial position disclosed in its latest published audited financial statements) in the event that share repurchases pursuant to the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company unless the Directors consider that such purchases are in the best interests of the Company.



**5. SHARE PRICES**

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the previous 12 months from October 1, 2000 to September 30, 2001 were as follows:

	Share Price	
	Highest	Lowest
	\$	\$
<b>2000</b>		
October	7.35	6.20
November	8.15	6.45
December	7.25	5.70
<b>2001</b>		
January	8.80	6.25
February	9.10	8.05
March	9.45	8.00
April	9.00	7.20
May	10.75	8.85
June	10.00	8.40
July	9.20	8.05
August	9.40	8.40
September	8.70	5.75

**6. DISCLOSURE OF INTERESTS**

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is granted.

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

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Bermuda.

If, as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeover Code. Accordingly, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Great View International Limited, a company wholly owned by Mr. Michael Ying Lee Yuen, was holding 502,656,352 Shares, representing 43.97% of the issued Shares. Mr. Jürgen Alfred Rudolf Friedrich was holding 127,089,077 Shares, representing 11.12% of the issued Shares\*. Mr. Chhibber Surinder and Ms. Connie Wong Chin Tzi was holding 3,700,385 Shares and 3,297,630 Shares respectively, representing 0.32% and 0.29% of the issued Shares.

In the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the Repurchase Mandate, the interests of Mr. Michael Ying Lee Yuen, Mr. Jürgen Alfred Rudolf Friedrich, Mr. Chhibber Surinder and Ms. Connie Wong Chin Tzi in the Shares of the Company would be increased to approximately 61.88%. The Directors are not aware of any consequences which may arise under the Takeover Code as a consequence of any repurchases made pursuant to the Repurchase Mandate.

## **7. SHARES PURCHASE MADE BY THE COMPANY**

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

*\* Note:*

As at the Latest Practicable Date, Mr. Jürgen Alfred Rudolf Friedrich had several Equity-Linked-Notes with aggregate notional value of HK\$45,650,000, to be matured on December 13, 2001, with an obligation to receive 5,000,000 Shares on maturity if the closing price of each Share is below HK\$9.13 on December 11, 2001.

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## NOTICE OF ANNUAL GENERAL MEETING

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### ESPRIT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HERBY GIVEN** that an Annual General Meeting of the members of Esprit Holdings Limited (the “Company”) will be held at Victoriana Room, 4th Floor, Furama Hotel, One Connaught Road Central, Hong Kong on Monday, November 26, 2001 at 9:45 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and of the auditors of the Group for the year ended June 30, 2001;
2. To approve a final dividend for the year ended June 30, 2001;
3. to re-elect directors, and to authorize the Board of Directors to fix the directors’ remuneration and to appoint additional directors;
4. To re-appoint the auditors and to authorize the Board of Directors to fix their remuneration;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its 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 to be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange be recognized for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders 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. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal in additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be issued, allotted or dealt in during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (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 recognized regulatory body or any stock exchange in any territory outside Hong Kong) or any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or 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, the total nominal amount of additional shares issued, allotted, dealt in or agreed conditionally or unconditionally to be issued, allotted or dealt in (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (b) 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 in general meetings; or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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.”; and
7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate granted to the Directors pursuant to resolution no. 6 above and for the time being in force to exercise the powers of the Company to issue, allot and otherwise deal in additional shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company which has been repurchased by the Company since the grant of such general mandate pursuant to the exercise by the Directors of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”.

By order of the Board  
**John Poon Cho Ming**  
*Executive Director & Company Secretary*

Hong Kong, October 29, 2001

*Notes:*

- (a) The Register of Members will be closed from Wednesday, November 21, 2001 to Monday, November 26, 2001, both days inclusive, during which period no transfer of shares can be registered.
- (b) 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, vote on his/her behalf. A proxy need not be a member of the Company. 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.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s share registrar in Hong Kong, Secretaries Limited at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting.