To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND REINVESTMENT SCHEME FOR INTERIM DIVIDEND

1. Introduction

On 23 February 2012, the Board has declared the distribution of an interim dividend of HK$0.26 per share in the capital of the Company of HK$0.10 each (“Share”) for the six months ended 31 December 2011 (“Interim Dividend”) to shareholders of the Company (“Shareholders”) whose names appear on the Register of Members of the Company at the close of business on 5 March 2012 (“Record Date”).

13 March 2012
The Shareholders are provided with an option to receive the Interim Dividend in form of new fully paid Shares ("Scrip Shares"), which will rank pari passu in all respect with the existing issued Shares, in lieu of cash ("Scrip Dividend Reinvestment Scheme"). 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. Please read carefully the instructions hereunder and the instructions on the form of election in relation to the Scrip Dividend Reinvestment Scheme for Interim Dividend ("Election Form") enclosed with this letter.

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, for the Interim Dividend 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.

2. Particulars of the Scrip Dividend Reinvestment Scheme for Interim Dividend

Under the Scrip Dividend Reinvestment Scheme, the Shareholders have the following choices in respect of the Interim Dividend for the existing Shares registered in their names on Record Date:

(i) cash of HK$0.26 for each Share; 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 dividend 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 issued pursuant to the Scrip Dividend Reinvestment Scheme, the dividend reinvestment price is HK$18.22, which is the average closing price of the Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days immediately preceding the commencement of book closure period and including the Record Date, ie from 28 February 2012 to 5 March 2012 (both days inclusive) ("Dividend Reinvestment Price").

Accordingly, the number of the Scrip Shares which the Shareholders will receive in respect of the Interim Dividend for the existing Shares registered in their names on Record Date will be calculated as follows:

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\text{Number of Scrip Shares to be received} = \frac{\text{Number of existing Shares held on Record Date for which such election for Scrip Shares is made} \times \text{HK$0.26}}{\text{HK$18.22}}
\]

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:

\[
\text{Residual dividend entitlement} = \frac{\text{Number of existing Shares held on Record Date} \times \text{HK$0.26}}{\text{HK$18.22}} - \frac{\text{Number of the Scrip Shares elected to be received} \times \text{HK$18.22}}{\text{Dividend Reinvestment Price}}
\]
The last day and time on which the Shareholders will be entitled to elect their desired form of the Interim Dividend is by 27 March 2012 at 4:00 pm. Dividend warrants and share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme will be despatched to the Shareholders at their risk by ordinary mail on or around 18 April 2012.

3. Book Closure Period and Last Date of Transfer

For the purpose of determining Shareholders who qualify for the Interim Dividend, the Register of Members of the Company was closed from 6 March 2012 to 7 March 2012 (both days inclusive).

The last date and time by which transfers were accepted for registration for participation in the Scrip Dividend Reinvestment Scheme for Interim Dividend was 5 March 2012 at 4:00 pm.

4. Election Form

The Election Form is enclosed with this letter for use by the Shareholders should they wish to receive the Interim Dividend wholly or partly in form of Scrip Shares in lieu of cash. **The Election Form should be completed in accordance with the instructions printed thereon and returned to the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not later than 27 March 2012 at 4:00 pm.** Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant qualifying Shareholder’s Interim Dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Interim Dividend may be in any way withdrawn, revoked, superseded or altered after the relevant Election Forms are signed and returned to the Company’s Hong Kong branch share registrar.

In **respect of the Interim Dividend**

**To receive Interim Dividend in form of cash only,** you do not need to take any action.

**To receive Interim Dividend wholly or partly in form of Scrip Shares,** please insert the amount of your Interim Dividend entitlement for which you wish to elect to receive Interim Dividend in form of Scrip Shares in Box D and then sign and date in part 4 of the Election Form and return it to the Company’s Hong Kong branch share registrar. For the avoidance of doubt, if you do not specify the amount of Interim Dividend in respect of which you wish to receive Scrip Shares in lieu of the cash dividend or if your specified amount is greater than the amount of Interim Dividend entitlement according to your registered shareholding on Record Date, then in either case you will be deemed to have elected to receive your Interim Dividend in form of Scrip Shares only.

In **respect of all future dividends (after the Interim Dividend)**

**If you wish to receive Scrip Shares in lieu of cash dividend in respect of all future dividends permanently,** you should enter a (/) in Box E and sign and date in part 4 of the Election Form and return it to the Company’s Hong Kong branch share registrar. Please note that a permanent election cannot be made in respect of part of your registered Shares.

5. Listing

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 issued pursuant to the Scrip Dividend Reinvestment Scheme for Interim Dividend.
6. **Conditions of the Scrip Dividend Reinvestment Scheme for Interim Dividend**

The Scrip Dividend Reinvestment Scheme for Interim Dividend is 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 Interim Dividend will not become effective and the Interim Dividend will be paid wholly in cash.

7. **Effect of the Scrip Dividend Reinvestment Scheme for Interim Dividend**

The Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme for Interim Dividend may give rise to disclosure requirements under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). If the Shareholders are in any doubt as to how these provisions may affect them as a result of the allotment of the Scrip Shares, they are recommended to seek their own professional advice.

8. **Shareholders residing outside of Hong Kong**

No person receiving a copy of this letter 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 on Record Date, the Shareholders residing outside of Hong Kong were residing in Australia, Canada, France, Germany, Macau, Malaysia, People’s Republic of China, Singapore, Spain, Taiwan, United Arab Emirates, United Kingdom and United States of America.

Given the existing shareholder base on Record Date, none of these jurisdictions requires the Company to prepare registration statements and other special formalities or prohibit the distribution of scrip dividends to Shareholders residing in these jurisdictions. In view of the above, Election Form has also been sent to these Shareholders.

9. **Dealings**

Dealings of the Scrip Shares are expected to commence on or around 18 April 2012. 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.

Yours faithfully,
By order of the Board of
Esprit Holdings Limited
Florence Ng Wai Yin
Company Secretary