PROPOSED MAJOR TRANSACTION IN RELATION TO A PROPOSED SPIN-OFF AND SEPARATE LISTING OF ESRIT Europe AG (FORMERLY KNOWN AS ESRIT WHOLESALE AG) ON THE FRANKFURT Stock EXCHANGE

As disclosed in the Circular, Mr. Reuter-Kragel Johann-Kornthaler is the Chief Executive Officer of ESRIT Europe, he will change his position from being an executive Director to a non-executive Director of the Company. This change in position, intended to take effect as soon as practicable after completion of the Proposed Transactions and, on the basis of current timetables, it is expected that the new senior management structure will be in place by 30 June 2000.

PRELIMINARY OFFERING CIRCULAR AND GLOBAL OFFERING

Further to the announcement made by the Company dated June 9, 2000, the Directors are pleased to announce that roadshow and bookbuilding in respect of the global Offering of ESRIT Europe Shares will commence on Monday, June 19, 2000 on the basis of a preliminary prospectus dated June 14, 2000 ("Prospectus") which forms an integral part of this Circular. This announcement shall bear the same meaning as defined in the circular from the Company to its shareholders dated May 24, 2000 (the "Circular").

The Global Offering will initially comprise 13 million ESRIT Europe Shares. ESRIT Europe will also grant to the Underwriters an option to acquire up to an additional 1.95 million ESRIT Europe Shares, exercisable within 30 days from the commencement of trading in ESRIT Europe Shares, for the purpose of covering over and above any under-allotted portion of the "Over-Allocation Option". An offering price per ESRIT Europe Share will be fixed at between $14 (approximately HK$104 per ESRIT Europe Share and $17 (approximately HK$126 per ESRIT Europe Share. The estimated proceeds, after expenses, will be $208 million (approximately HK$1,539 million) and $217 million (approximately HK$1,265 million) based on the respective maximum and minimum prices of the price range. If the Over-Allocation Option is exercised, the proceeds would be approximately $247 million (approximately HK$1,892 million) based on the respective maximum and minimum prices of the price range as aforementioned.

The Proposed Transactions have not become unconditional. In particular, no Underwriting Agreement has been signed and the final Offering Price per ESRIT Europe Share remains to be agreed. The Proposed Transactions are also conditional on Listing Approval being obtained from the FSE and compliance with the Restructuring Agreement. For the Listing has not yet been obtained and the Restructuring has not yet been fully completed.

SHAREHOLDERS SHOULD THEREFORE EXERCISE CAUTION IN DEALINGS IN THE SHARES OF THE COMPANY.

Based on the current timetables, the Proposed Transactions are expected to be completed on or before June 30, 2000.

LOCK UP OF ESRIT EUROPE SHARES

It is expected that the Company, its wholly-owned subsidiary, ESRIT Holdings GmbH, as well as ESRIT Europe, will give a lock-up undertaking in accordance with which they would refrain, for a period of six months from the date of admission of ESRIT Europe Shares to the official market of the FSE, from offering or selling ESRIT Europe Shares and certain other securities, directly or indirectly, or announcing such action, or taking any other measures economically equivalent to a sale. The lock-up does not apply to the Company and ESRIT Holdings GmbH provided that the acquirer of ESRIT Europe Shares agrees to be subject to the same lock-up restriction for the remaining term of the lock-up period.

RELATIONSHIP BETWEEN THE ESRIT HOLDINGS GROUP AND ESRIT EUROPE AFTER THE SPIN-OFF

As disclosed in the Circular, management of the Company and that of ESRIT Europe will be clearly delineated. The governing bodies of ESRIT Europe are the Management Board ("Management Board"), the Supervisory Board ("Supervisory Board") and the general meeting. In this connection, it is proposed that the Management Board will comprise the following persons:

1. Henrik-Jørgen Kragel-Johnson will be the Chief Executive Officer of ESRIT Europe. He graduated from FI Høstenfelt with a degree in Business Administration and has gained many years of international experience in the textile industry, he became a consultant with Kroll, a consulting company specializing in the field of management, strategy and restructuring. He subsequently worked as managing director of a subsidiary of the Asko Group for four years before joining in January 1995 as consultant to the company which held various businesses to be owned by ESRIT Europe pursuant to the Restructuring. His first management position was Country Manager Wholesale and Retail and he was appointed Chief Executive Officer on July 1, 1996.

2. Dr. Alexander Hoerbiger. In 1991, he joined the company which held various businesses to be owned by ESRIT Europe pursuant to the Restructuring. He has studied taxation and auditing before specializing in the field of management, strategy and restructuring. He has had 18 years of experience in finance and accounting with Reckitt & Colman, Henkel KGaA, and Faci Gmbh before joining the company which held various businesses to be owned by ESRIT Europe pursuant to the Restructuring.

3. Jana Lehmann will be the Chief Financial Officer of ESRIT Europe. He holds both a Masters Degree and an MBA in International Business from the European Campus of Webster University. St. Louis. Before joining in September 1998 the company which held various businesses to be owned by ESRIT Europe pursuant to the Restructuring, he worked for 13 years for MEAX and Johnson & Johnson on pan-European consolidation in logistics, operations management, and marketing.

4. Jörg Wiesgibort will be the Chief Divisional Officer of ESRIT Europe. He studied economics at the Bensfakademie and graduated with a Diploma Betriebswirt (BA). He has worked in Hugo Boss for four years as product manager and assistant in the international sales and production management for all known brands such as Joop, Mac Jeans and Ul Knecht. In 1997, he joined the company which held various businesses to be owned by ESRIT Europe pursuant to the Restructuring.

By Order of the Board John Dunn
Executive Director
Hong Kong, June 16, 2000

This announcement may be viewed on the internet at www.esprit-holdings.com/financial and www.traics.com/en/esi/esi.html