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**ESPRIT**

**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(STOCK CODE: 00330)**

*Executive Directors:*

Heinz Jürgen KROGNER-KORNALIK (*Chairman*)  
Ronald VAN DER VIS  
CHEW Fook Aun

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Jürgen Alfred Rudolf FRIEDRICH

*Principal Place of Business:*

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

*Independent Non-executive Directors:*

Paul CHENG Ming Fun (*Deputy Chairman*)  
Alexander Reid HAMILTON  
Dr. Hans Joachim KÖRBER  
Raymond OR Ching Fai  
Francesco TRAPANI

15 December 2009

*To the Shareholders*

Dear Sir or Madam,

**SCRIP DIVIDEND REINVESTMENT SCHEME FOR FINAL DIVIDEND  
AND MANDATORY SCRIP DIVIDEND FOR SPECIAL DIVIDEND**

**1. Introduction**

On 10 December 2009, the shareholders (the “Shareholders”) of Esprit Holdings Limited (the “Company”) have upon the recommendation of the Board approved at the annual general meeting of the Company (the “Annual General Meeting”) the distribution of a final dividend of HK\$0.72 per share in the capital of the Company of HK\$0.10 each (“Share”) for the year ended 30 June 2009 and the payment of a special dividend of HK\$1.33 per Share for the year ended 30 June 2009 by way of new fully paid Shares which will rank pari passu in all respect with the existing issued Shares, including entitlements to all future dividends, save and except the final dividend and special dividend for the year ended 30 June 2009 (“Scrip Shares”) without offering the option to the Shareholders to elect to receive it in cash and shall be satisfied by way of capitalisation.

The Shareholders are provided with an option to receive the final dividend in form of Scrip Shares in lieu of cash (“Scrip Dividend Reinvestment Scheme”) and 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 final dividend (the “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 final 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 final dividend and the Mandatory Scrip Dividend for special dividend**

Under the Scrip Dividend Reinvestment Scheme, the Shareholders have the following choices in respect of the final dividend:

- (i) cash of HK\$0.72 for each Share as final dividend held at the close of business on 10 December 2009 (“Record Date”); 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 is HK\$53.84, 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 30 November 2009.

The special dividend of HK\$1.33 per Share will be paid out in form of Scrip Shares without offering the option to Shareholders to elect to receive it in cash. Accordingly, the number of the Scrip Shares which the Shareholders will receive in respect of the existing Shares registered in their names as at Record Date will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of the Scrip} & & \text{Number of existing} & & \text{HK\$1.33} \\ \text{Shares to be received} & = & \text{Shares held on Record} & + & \text{(Special Dividend} \\ & & \text{Date for which such} & \text{Shares held on Record} & \text{per Share)} \\ & & \text{election for Scrip} & \text{Date} & \\ & & \text{Shares is made} & & \\ & & & & \text{HK\$53.84} \\ & & \text{HK\$0.72} & & \\ & & \text{(Final Dividend} & & \\ & & \text{per Share)} & & \\ & & \text{HK\$53.84} & & \end{array}$$

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:

$$\begin{array}{rcccl} \text{Residual} & & \text{Maximum dividend entitled} & & \text{Total market value of the Scrip Shares} \\ \text{dividend} & = & \text{(Number of existing Shares held on} & - & \text{(Number of Scrip Shares to be} \\ \text{entitlement} & & \text{Record Date x (HK\$0.72 + HK\$1.33))} & & \text{received x HK\$53.84)} \end{array}$$

The final dividend and special dividend will be payable to the Shareholders whose names appeared on the Register of Members of the Company at close of business on 10 December 2009. 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 4 January 2010. Dividend warrants and share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme and for the special dividend will be despatched to the Shareholders at their risk by ordinary mail on or around 15 January 2010.

### 3. **Book Closure Period and Last Date of Transfer**

For the purpose of determining Shareholders who qualify for the final and special dividends for the year ended 30 June 2009, the Register of Members of the Company was closed from 30 November 2009 to 10 December 2009 (both days inclusive). The last date on which transfers were accepted for registration for participation in the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend was on 27 November 2009 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 final 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 4:30 pm on 4 January 2010.** Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant qualifying Shareholder's 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 final 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 final dividend for the year ended 30 June 2009

**To receive final dividend for the year ended 30 June 2009 in form of cash only**, you do not need to take any action.

**To receive final dividend for the year ended 30 June 2009 wholly or partly in form of Scrip Shares**, please insert the amount of your final dividend entitlement for which you wish to elect to receive final dividend in form of Scrip Shares in Box E 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 sign the Election Form but do not specify the total amount of final dividend in respect of which you wish to receive Scrip Shares in lieu of the cash dividend or if you specified an amount that is greater than the total amount of your final dividend entitlement according to your registered shareholding on 10 December 2009, then in either case you will be deemed to have elected to receive your final dividend in form of Scrip Shares only in respect of all the amount of final dividend for which you are entitled according to the number of ordinary share registered in your name.

In respect of all future dividends (after the final and special dividends for the year ended 30 June 2009)

**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 F 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. **Conditions of the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend**

The Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend are 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 the final dividend will be paid wholly in cash and no special dividend will be distributed and no cash will be paid in lieu.

#### **6. Effect of the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special dividend**

The Shareholders should note that the Scrip Shares to be allotted under the Scrip Dividend Reinvestment Scheme for final dividend and Mandatory Scrip Dividend for special 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 Scrip Shares, they are recommended to seek their own professional advice.

#### **7. 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 10 December 2009, the Shareholders residing outside of Hong Kong were residing in Australia, Canada, France, Germany, Malaysia, People's Republic of China, Singapore, Spain, Taiwan and United Kingdom. Given the existing shareholder base as at 10 December 2009, out of these jurisdictions, 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 been also sent to these Shareholders.

#### **8. 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 and for the special dividend.

The share certificates for Scrip Shares to be issued under the Scrip Dividend Reinvestment Scheme for final dividend and for the special dividend will be despatched to the Shareholders at their risk by ordinary mail on or around 15 January 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 15 January 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.

#### **9. Waiver of Strict Compliance of Rule 19.10 of the Listing Rules**

The Stock Exchange has granted a waiver from strict compliance with rules 19.10(2) and (3) of the Listing Rules regarding the requirements on including in this document summaries of (a) the provisions of the constitutive documents of the Company in so far as they may affect Shareholders' rights and protections and Directors' power; and (b) the relevant regulatory provision of Bermuda on 11 December 2009. Nevertheless, copies of the Bye-laws and the Companies Act of Bermuda will be available for inspection by at the Company's principal place of business in Hong Kong at 43/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 15 December 2009 to 4 January 2010.

Yours faithfully,  
By order of the Board of  
**Esprit Holdings Limited**  
**Bella Chhoa Peck Lim**  
*Company Secretary*