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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

Non-executive Director:

Jürgen Alfred Rudolf FRIEDRICH

Independent Non-executive Directors:

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

Registered office:

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Principal Place of Business:

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39 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

12 March 2010

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND REINVESTMENT SCHEME FOR INTERIM DIVIDEND

1. Introduction

On 3 February 2010, the Board has declared the distribution of an interim dividend of HK\$0.74 per share in the capital of the Company of HK\$0.10 each (“Share”) for the six months ended 31 December 2009 (“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 2010 (“Record Date”).

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 (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 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\$0.74 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 allotted pursuant to the Scrip Dividend Reinvestment Scheme, the dividend reinvestment price is HK\$55.97, 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 8 March 2010.

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:

$$\text{Number of the Scrip Shares to be received} = \frac{\text{Number of existing Shares held on Record Date for which such election for Scrip Shares is made} \times \frac{\text{HK\$0.74 (Interim Dividend per Share)}}{\text{HK\$55.97 (Dividend Reinvestment Price)}}}{1}$$

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:

$$\text{Residual dividend entitlement} = \frac{\text{Maximum dividend entitled (Number of existing Shares held on Record Date x HK\$0.74 (Interim Dividend per Share))} - \text{Total market value of the Scrip Shares (Number of Scrip Shares to be received x HK\$55.97 (Dividend Reinvestment Price))}{1}$$

The last day and time on which the Shareholders will be entitled to elect their desired form of the Interim Dividend is by 26 March 2010 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 12 April 2010.

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 8 March 2010 to 9 March 2010 (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 2010 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 26 March 2010 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. **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.

6. Effect of the Scrip Dividend Reinvestment Scheme for Interim Dividend

The Shareholders should note that the Scrip Shares to be allotted 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.

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 Record Date, the Shareholders residing outside of Hong Kong were residing in Australia, Canada, France, Germany, Malaysia, People's Republic of China, Singapore, Spain, Taiwan, United Arab Emirates and United Kingdom. Given the existing shareholder base on Record Date, out of these jurisdictions, none of them 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.

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 Interim Dividend.

Dealings of the Scrip Shares are expected to commence on or around 12 April 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 Rules Governing the Listing of Securities on the Stock Exchange regarding the requirements to include 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 provisions of Bermuda on 19 February 2010. Nevertheless, copies of the Bye-laws of the Company and the Companies Act of Bermuda will be available for inspection by the Shareholders 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 12 March 2010 to 26 March 2010.

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