
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in Esprit Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer 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.

ESPRIT
ESPRIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 330)

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO THE BYE-LAWS,
REFRESHMENT UP TO 5 PER CENT. OF THE SCHEME MANDATE LIMIT
OF THE 2001 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Function Rooms – Cypress & Maple, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Friday, December 2, 2005 at 4:00 p.m. or any adjournments of the meeting at which the above proposals will be considered, is contained in pages 15 to 19 of this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy enclosed with this circular, in accordance with the instructions printed on it, as soon as possible and in any event so that it is received not less than 48 hours before the time of the Annual General Meeting by the branch share registrar of the Company in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. Completion and delivery of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting should you so wish.

Hong Kong, October 20, 2005

DEFINITIONS

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

“2001 Share Option Scheme”	the share option scheme of the Company adopted at a special general meeting of the Company held on November 26, 2001 and as amended from time to time
“Annual General Meeting”	the annual general meeting of the Company to be held at Function Rooms – Cypress & Maple, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Friday, December 2, 2005 at 4:00 p.m.
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Code”	the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules
“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”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares during the relevant period up to a maximum of 20 per cent. of the issued share capital of the Company, except in the case of an allotment of Shares during the relevant period solely for cash and unrelated to any asset acquisition, up to a maximum of 5 per cent. of the issued share capital of the Company, as at the date of passing of the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	October 13, 2005, being the latest practicable date prior to the issue of this circular for ascertaining certain information included in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Member(s)” or “Shareholder(s)”	duly registered holder(s) of the Shares
“Option”	a right to subscribe for Shares granted pursuant to the 2001 Share Option Scheme, and “Options” shall be construed accordingly
“PRC”	the People’s Republic of China
“Proposed Refreshment”	the 10 per cent. limit under the 2001 Share Option Scheme proposed to be refreshed up to 5 per cent. by Shareholders at the Annual General Meeting pursuant to which the Board may grant Options to eligible participants to subscribe up to 5 per cent. of the Shares in issue as at the date of the Annual General Meeting
“Repurchase Mandate”	the general mandate to the Directors to exercise the powers of the Company to repurchase fully paid Shares (and any securities which carry a right to subscribe for or purchase Shares) during the relevant period up to a maximum of 10 per cent. of the issued share capital of the Company (and 10 per cent. of such issued securities or any relevant class thereof) as at the date of passing of the relevant resolution at the Annual General Meeting
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2001 Share Option Scheme and other such schemes of the Company which initially shall not in aggregate exceed 10 per cent. of the Shares in issue as at the date of approval of the 2001 Share Option Scheme by the Shareholders and thereafter, if refreshed, shall not exceed 10 per cent. of the Shares in issue as at the date of the approval of the refreshed limit by the Shareholders
“Share(s)”	share(s) in the capital of the Company with a par value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Michael YING Lee Yuen (*Chairman*)
Heinz Jürgen KROGNER-KORNALIK
John POON Cho Ming
Thomas Johannes GROTE
Jerome Squire GRIFFITH

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Paul CHENG Ming Fun*
Jürgen Alfred Rudolf FRIEDRICH
Alexander Reid HAMILTON*
Simon LAI Sau Cheong
Raymond OR Ching Fai*

Principal Place of Business:

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

* *Independent Non-executive Directors*

October 20, 2005

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO THE BYE-LAWS,
REFRESHMENT UP TO 5 PER CENT. OF THE SCHEME MANDATE LIMIT
OF THE 2001 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Directors wish to seek the approval of the Shareholders at the Annual General Meeting for the granting of the Issue Mandate and the Repurchase Mandate, the proposed re-election of Directors, the proposed amendments to the Bye-laws and the refreshment up to 5 per cent. of the Scheme Mandate Limit of the 2001 Share Option Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to (a) provide you with details of the Issue Mandate and the Repurchase Mandate; (b) present the proposal for the re-election of Directors; (c) provide you with details of amendments to the Bye-laws; (d) provide you with details of the refreshment up to 5 per cent. of the Scheme Mandate Limit of the 2001 Share Option Scheme; and (e) give you notice of the Annual General Meeting.

GRANTING OF THE ISSUE MANDATE AND THE REPURCHASE MANDATE

Three ordinary resolutions numbered (6), (7) and (8) in the notice of the Annual General Meeting will be proposed in relation to the Repurchase Mandate, the Issue Mandate and the extension to the Issue Mandate to issue and allot additional Shares by the addition thereto of the total nominal amount of Shares which may be purchased by the Company under the Repurchase Mandate, provided that such amount of Shares so purchased shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing the resolutions.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of the Issue Mandate at the Annual General Meeting.

The Directors would also seek the approval of the Shareholders for the grant of the Repurchase Mandate in accordance with the requirements set out in the Listing Rules. The explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix I to this circular.

RE-ELECTION OF DIRECTORS

According to Bye-law 87(1), at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation.

Pursuant to Bye-law 87(2), a retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with Bye-laws 87(1) and 87(2), Mr. Michael Ying Lee Yuen, Mr. Thomas Johannes Grote and Mr. Raymond Or Ching Fai shall retire from office by rotation and all of them be eligible for re-election at the Annual General Meeting.

LETTER FROM THE BOARD

Information in respect of these three directors that need to be disclosed or brought to the attention of Shareholders under the Listing Rules is set out in Appendix II to this circular.

The Company has received confirmation from Mr. Or as to his independence in compliance with the requirements of the Listing Rules. Mr. Or was appointed as an Independent Non-executive Director of the Company on January 3, 1996. Pursuant to paragraph A.4.3 of the Code, serving more than 9 years could be relevant to the determination of a non-executive director's independence and as a recommended best practice, the further appointment of an independent non-executive director who has served for more than 9 years should be subject to a separate resolution by shareholders. The Company considers that Mr. Or continues to be independent and satisfies all requirements for the purpose of assessing his independence pursuant to the Listing Rules. The Company has benefited substantially by having Mr. Or on the Board and as a member of its audit committee and drawing on his expertise and extensive business and financial experience. The Company therefore supports the re-election of Mr. Or as an Independent Non-executive Director of the Company.

Separate resolutions will be put forward at the Annual General Meeting for the re-election of Mr. Ying, Mr. Grote and Mr. Or.

AMENDMENTS TO THE BYE-LAWS

Following the coming into effect of the Code on January 1, 2005, the Company should comply with the relevant requirements for its accounting periods commencing July 1, 2005. The Directors recommend certain amendments to be made to the Bye-laws in order to comply with the Code. In addition, it is proposed that the Bye-laws be further amended to (a) expressly require the voting by way of a poll if required under the Listing Rules and (b) remove the provision in the Bye-laws whereby persons contracting with the Company can assume that the Company is expressly bound by the actions of any two Directors. A special resolution to approve the amendments to the Bye-laws will be proposed at the Annual General Meeting.

Set out below is a summary explanation of the principal proposed amendments to the Bye-laws:

- | | | |
|-----|---------------|--|
| (a) | Bye-law 66 | To provide for voting by way of a poll if required by the Listing Rules. |
| (b) | Bye-law 86(2) | To provide that every Director appointed by the Board to fill a casual vacancy or as an addition to the Board should be subject to election by shareholders at the first general meeting after such appointment in accordance with the Code. |

LETTER FROM THE BOARD

- (c) Bye-law 87 To provide that every Director shall be subject to retirement by rotation at least once every three years in accordance with the Code.

- (d) Bye-law 104(2) To delete the provisions relating to persons being able to rely on any written or oral contract or agreement entered into or executed by any two of the directors acting jointly and such contracts being deemed to be valid and binding on the Company.

The powers of the Directors to bind the Company should be governed by general legal principles. The Company has been advised that Bye-law 104(2) does not alter that position but contains a statement that the Company will definitely be bound by the joint acts of two Directors. The Company considers that Bye-law 104(2) is superfluous and should be deleted.

REFRESHMENT UP TO 5 PER CENT. OF THE SCHEME MANDATE LIMIT OF THE 2001 SHARE OPTION SCHEME

The 2001 Share Option Scheme was adopted on November 26, 2001. Pursuant to the terms of the 2001 Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2001 Share Option Scheme and all other share option scheme(s) of the Company is 10 per cent. of the Shares in issue as at the date of approval and adoption of the 2001 Share Option Scheme, being 114,383,717 Shares.

As at the Latest Practicable Date:

- (a) there are 1,199,900,434 Shares in issue;

- (b) 84,865,000 Options were granted under the 2001 Share Option Scheme and 68,511,000 Options remained outstanding;

- (c) 8,338,000 Options granted under the 2001 Share Option Scheme have been exercised; and

- (d) 8,016,000 Options granted under the 2001 Share Option Scheme have lapsed.

Unless the Scheme Mandate Limit is refreshed, only up to 37,534,717 Options, which upon exercise on the basis of one share per option would represent about 3.13 per cent. of the Shares in issue on the Latest Practicable Date, may be granted pursuant to the 2001 Share Option Scheme.

LETTER FROM THE BOARD

If the Scheme Mandate Limit is refreshed up to 5 per cent. of the number of Shares issued as at the date of the Annual General Meeting, assuming that the total number of Shares in issue at the date of the Annual General Meeting shall remain the same as at the Latest Practicable Date, up to 59,995,021 Shares may be issued pursuant to the grant of Options under the 2001 Share Option Scheme.

Apart from the 2001 Share Option Scheme, the Company does not have other share option schemes.

The Directors consider that it is in the interests of the Company to refresh the Scheme Mandate Limit up to 5 per cent. to permit the grant of further Options under the 2001 Share Option Scheme where appropriate in order to provide incentives to, and to recognise the contributions of, the Group's employees and other selected grantees.

It is proposed that the Scheme Mandate Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all Options to be granted under the 2001 Share Option Scheme and all other share option schemes of the Company shall not exceed 5 per cent. of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the Annual General Meeting. Options granted under the 2001 Share Option Scheme and/or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the 2001 Share Option Scheme or such other scheme(s) of the Company) prior to the date of passing of the resolution approving the Proposed Refreshment will not be counted for the purposes of calculating the Proposed Refreshment.

Further Options are likely to be granted in November 2005 and the option price will be fixed in accordance with the Listing Rules at the date of the grant.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2001 Share Option Scheme and any other share option scheme(s) of the Company at any time will not exceed 30 per cent. of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company if this will result in the 30 per cent. limit being exceeded.

Conditions

In compliance with the requirements of the Listing Rules, an ordinary resolution will be proposed at the Annual General Meeting to approve the Proposed Refreshment.

The adoption of the Proposed Refreshment is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Proposed Refreshment at the Annual General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any Options that may be granted pursuant to the 2001 Share Option Scheme under the Proposed Refreshment.

LETTER FROM THE BOARD

Applications

Application has been made to the Stock Exchange for obtaining the approval mentioned above.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out in this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve the granting of the Issue Mandate, the granting of the Repurchase Mandate, the re-election of Directors and the Proposed Refreshment, and a special resolution will be proposed to approve the proposed amendments to the Bye-laws.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are not able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it to the branch share registrar of the Company in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong so as to be received 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 Shareholders from attending and voting at the Annual General Meeting if they so wish.

RIGHT TO DEMAND POLL

In accordance with the Company's Bye-laws, resolutions proposed at the Annual General Meeting shall be decided on a show of hand unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the Annual General Meeting; or
- (b) by at least 3 Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the Annual General Meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Annual General Meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the Annual General Meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board considers that (a) the granting of the Issue Mandate and the Repurchase Mandate; (b) the re-election of the Directors, including the re-election of Mr. Or, as described in the section headed “**Re-election of Directors**” above; (c) the Proposed Refreshment; and (d) the proposed amendments to the Bye-laws are in the interests of the Company and the Shareholders, and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular contains, among other information, particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Proposed Refreshment of the Scheme Mandate Limit of 2001 Share Option Scheme of the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with respect to the Proposed Refreshment and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in respect thereof misleading.

Yours faithfully,
For and on behalf of the Board
John Poon Cho Ming
Deputy Chairman

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 1,199,900,434 Shares of HK\$0.10 each. On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the proposed Repurchase Mandate can accordingly result in up to 119,990,043 fully paid Shares being repurchased by the Company during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied.

REASONS FOR REPURCHASES

The Directors believe that it is in the interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to repurchase Shares in the market.

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.

FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases will be made out of funds which are legally available for such purpose in accordance with all applicable laws of Bermuda and the memorandum of association and the Bye-laws of the Company.

Under Bermuda law, any repurchases will be made out of the capital paid up thereon or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase. Any premium payable will be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

Based on the audited consolidated financial statements of the Company as at June 30, 2005 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate to repurchase Shares may potentially have a material adverse impact on the working capital position or gearing position of the Company as compared with its financial position as at June

30, 2005. The Directors do not propose to make any repurchase to the extent that it would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004		
November	45.50	41.80
December	48.00	42.80
2005		
January	46.90	43.40
February	55.75	44.60
March	56.75	52.00
April	58.75	53.75
May	59.25	55.25
June	56.25	50.00
July	58.00	53.30
August	62.65	56.20
September	62.70	56.40
October (up to the Latest Practicable Date)	57.20	54.25

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase would be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's voting right at the time, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Michael Ying holds, through Great View International Limited, a company wholly-owned by him, 191,208,352 Shares, representing approximately 15.94 per cent. of the total issued share capital of the Company as at such date. On such basis, if the Repurchase Mandate is fully exercised by the Company, it will increase his percentage shareholding of 15.94 per cent. in the Company to 17.71 per cent. The Directors are not aware of any consequences that would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code in the event that the Repurchase Mandate is exercised in full.

DIRECTORS AND THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company and no such persons have undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the Memorandum of Association and the Bye-laws of the Company.

REPURCHASES MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Michael Ying Lee Yuen, aged 55, is and has been Chairman of the Board since 1993. Mr. Ying has over 30 years' experience in the apparel industry. Mr. Ying is responsible for the overall corporate direction of the Group. Mr. Ying has not held any position in any other Hong Kong listed company within the past three years.

Mr. Ying does not have any relationship with any director, member of senior management or other substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Ying was interested in 191,208,352 Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, such Shares were held by him through Great View International Limited, a company wholly-owned by him, and represented approximately 15.94 per cent. of the total issued share capital of the Company as at such date.

Mr. Ying has entered into a service contract with the Company that does not provide for a fixed period of service and can be terminated by the Company by giving 6 months' notice. Mr. Ying's directorship is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. The amount of emoluments payable to Mr. Ying is determined by reference to his qualification and experience, and has been confirmed by the Remuneration Committee. The total amount of Mr. Ying's emoluments, inclusive of various allowances and benefits in kind, is approximately HK\$8,080,000 for the financial year ended June 30, 2005. Details of the emoluments of Mr. Ying are set out in note 13 to financial statements for the financial year ended June 30, 2005 contained in the annual report of the Company.

The Company is not aware of any other matters that need to be brought to the attention of Shareholders in respect of the proposed re-election.

Thomas Johannes Grote, aged 42, is currently the joint Chief Operating Officer of the Esprit brand and the global head of wholesale operations of the Group. He completed business college in 1983 and then worked in a German textile printing company for six years. Mr. Grote joined the Group in 1990 as key account manager of the accessories division and was later promoted to sales manager. Mr. Grote left the Group in 1992 and returned to the Group in June 1996. Mr. Grote has not held any position in any other Hong Kong listed company within the past three years.

Mr. Grote does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, apart from holding 4,000,000 share options in the Company, Mr. Grote had no other interests (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares of the Company.

Mr. Grote has entered into a service contract with the Group which has no specific service term and can be terminated by the Company by giving 12 months' notice provided that such notice shall not be given before July 1, 2006. The amount of emoluments payable to Mr. Grote is determined by reference to his qualification, experience and market benchmarks, and such remuneration has been confirmed by the Remuneration Committee. The total amount of Mr. Grote's emoluments, inclusive of various allowances, discretionary bonus and benefits in kind, is approximately HK\$7,647,000 (or EUR771,059 in equivalent) for the financial year ended June 30, 2005. Details of the emoluments of Mr. Grote are set out in note 13 to financial statements for the financial year ended June 30, 2005 contained in the annual report of the Company.

The Company is not aware of any other matters that need to be brought to the attention of Shareholders in respect of the proposed re-election.

Raymond Or Ching Fai, aged 55, was appointed an Independent Non-executive Director of the Company in 1996. Mr. Or is Vice Chairman and Chief Executive of Hang Seng Bank Limited, executive director of The Hongkong and Shanghai Banking Corporation Limited, Chairman of Hang Seng Life Limited and a director of Cathay Pacific Airways Limited and Hutchison Whampoa Limited.

Mr. Or does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Or had no interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Or does not have a service contract with the Company. Mr. Or has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr. Or is entitled to a director's fee which is HK\$300,000 per annum in respect of the financial year commencing July 1, 2005, comprising HK\$200,000 for his directorship and an additional HK\$50,000 for each Board committee seat. Mr. Or's director's fee has been determined by reference to the level of remuneration for non-executive directors of Hong Kong listed companies and the demand of the Company on Mr. Or's attention as one of its Independent Non-executive Directors. Mr. Or is a member of the Company's audit committee and remuneration committee.

The Company is not aware of any other matters that need to be brought to the attention of Shareholders in respect of the proposed re-election.

NOTICE OF ANNUAL GENERAL MEETING

ESPRIT

ESPRIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Esprit Holdings Limited will be held at Function Rooms – Cypress & Maple, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Friday, December 2, 2005 at 4:00 p.m. for the purpose of transacting the following business:

As ordinary business:

- (1) To receive and consider the audited consolidated financial statements and the Reports of the Directors and Auditors of the Group for the year ended June 30, 2005.
- (2) To approve a final dividend for the year ended June 30, 2005.
- (3) To approve a special dividend for the year ended June 30, 2005.
- (4) To re-elect Directors and authorise the Directors to fix their remuneration.
- (5) To re-appoint Auditors and authorise the Directors to fix their remuneration.

And as special business, to consider and, if thought fit, to pass with or without modification the following resolutions of which resolutions numbers (6) to (9) will be proposed as ordinary resolutions and resolution number (10) will be proposed as a special resolution:

ORDINARY RESOLUTIONS

- (6) **“THAT:**
 - (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares of the Company (“**Shares**”) and any securities which carry a right to subscribe for or purchase 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 which may be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company, and the total number of any securities which carry a right to subscribe for or purchase Shares which may be purchased pursuant to the approval in paragraph (a) above shall not

NOTICE OF ANNUAL GENERAL MEETING

exceed 10 per cent. of such securities of the Company (or any relevant class thereof), in each case 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;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company 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.”

(7) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and deal with additional Shares and to make or grant offers, agreements and options during the Relevant Period which would or might require Shares to be issued, allotted or dealt with during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of additional Shares issued, allotted, dealt with or agreed conditionally or unconditionally to be issued, allotted or dealt with, pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into shares of the Company, or (iv) 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, shall not exceed 20 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution provided that the aggregate nominal amount of the shares of any class so allotted (or so agreed conditionally or unconditionally to be allotted) pursuant to this resolution solely for cash and unrelated to any asset acquisition shall not exceed 5 per cent. of the aggregate nominal amount of the shares of that class in issue at the date of passing this resolution; and

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- (c) for the purposes of this resolution:
- (i) “**Relevant Period**” shall have the same meaning as assigned to it under resolution number (6) set out in the notice convening this Meeting;
 - (ii) “**Rights Issue**” means an offer of Shares open for a period fixed by the Directors of the Company to the holders of Shares or any class thereof on a fixed record date in proportion to their then holdings of Shares or class thereof (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 recognised regulatory body or any stock exchange in any territory outside Hong Kong).”
- (8) “**THAT** subject to the passing of the resolutions numbers (6) and (7) above, the general mandate granted to the Directors of the Company to issue, allot and deal with any additional Shares pursuant to resolution number (7) above be and is hereby extended by the addition thereto of the total nominal amount of Shares which may be purchased by the Company under the authority granted pursuant to resolution number (6) above, provided that such amount of Shares so purchased shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of passing this resolution.”
- (9) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, any ordinary shares in the capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the existing limit on the grant of options under the share option scheme adopted by the Company on November 26, 2001 (the “**Scheme**”) be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued upon exercise of any options to be granted under the Scheme and any other schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised in accordance with the Scheme or such other scheme(s) of the Company), shall not exceed 5 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution (the “**Refreshed Scheme Mandate Limit**”) and the Directors be and are hereby authorised to do such acts and execute such documents to effect the Refreshed Scheme Mandate Limit and to grant options up to the Refreshed Scheme Mandate Limit and to exercise all powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

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SPECIAL RESOLUTION

(10) “**THAT** the Bye-laws of the Company be hereby amended as follows:

- (a) by inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange” after the words “on a show of hands unless” in the third sentence of the existing Bye-law 66
- (b) by deleting the existing Bye-law 86(2) and replacing it with the following new Bye-law 86(2):

“Subject to the Act and these Bye-laws, the Board may appoint any person who is willing to act to be a Director, either to fill a casual vacancy or as an addition to the existing board, but so that the total number of Directors shall not at any time exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed shall retire at the first general meeting after their appointment and shall then be eligible for election.”

- (c) by deleting the existing Bye-law 87 and replacing it with the following new Bye-law 87:

“87 (1) At each annual general meeting, Directors for the time being of the Company shall retire by rotation as follows:

- (a) at least one-third of the Directors (or if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. In this connection, the Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation under this paragraph) any Director who wishes to retire and not to offer himself for re-election. Any further Director so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation under this paragraph; and
- (b) any Director (not already obliged to retire by rotation under paragraph (a) above) who at such annual general meeting, shall have been a Director at each of the preceding two general

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meetings of the Company and who was not elected or re-elected at such annual general meeting, and who has not otherwise ceased to be a Director (whether by resignation, retirement, removal or otherwise) and has been re-elected at a general meeting of the Company at or since any of the preceding two annual general meetings of the Company aforementioned.

(2) A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”

(d) by deleting Bye-law 104(2) and renumbering the existing Bye-law 104(3) as Bye-law 104(2).”

By order of the Board
John Poon Cho Ming
Deputy Chairman

Hong Kong, October 20, 2005

Principal place of business in Hong Kong:

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

Notes:

- (a) The Registers of Members will be closed from November 30, 2005 to December 2, 2005, both days inclusive, during which period no transfer of Shares of the Company can be registered.
- (b) The Directors have recommended a final dividend of HK\$0.66 per Share and a special dividend of HK\$0.84 per Share.
- (c) 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, to vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
- (d) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the Annual General Meeting or adjourned meeting.
- (e) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.