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ESPRIT
ESPRIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00330)

**(1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$8.00 EACH
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE;**

AND

(2) CLOSURE OF REGISTERS OF MEMBERS

Joint Underwriters of the Rights Issue
(In alphabetical order)



PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$5,168.7 million before expenses, and not more than approximately HK\$5,246.3 million before expenses, by way of a rights issue of not less than 646,088,057 Rights Shares and not more than 655,782,557 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by Qualifying Shareholders on the Record Date at the Subscription Price of HK\$8.00 per Rights Share.

Pursuant to the terms of the Rights Issue, Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every two (2) existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

The Directors have decided to undertake the Rights Issue to give the Company financial flexibility and to provide funding for the execution of the transformation plan of the Company. In making this decision, the Directors have considered the current challenging operating environment and economic uncertainties.

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$5,017.4 million and not more than approximately HK\$5,092.8 million after the deduction of all estimated expenses. The Company intends to apply the net proceeds of the Rights Issue to:

- (a) funding the execution of the transformation plan of the Company, including:
 - (i) rebuilding and revitalising the Esprit brand;
 - (ii) overhauling the product engine;
 - (iii) refurbishing existing stores and points of sale in line with the Company's new brand direction and offering strategic support to the Company's wholesale partners to drive targeted expansion in strategic markets;
 - (iv) developing the supply chain; and
 - (v) fueling future expansion plans; and
- (b) providing general working capital to the Group.

The Rights Shares will be fully underwritten by the Joint Underwriters in equal portions on the terms and subject to the conditions set out in the Underwriting Agreement.

SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in a general meeting.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Joint Underwriters a right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “2(d) Termination of the Underwriting Agreement” below for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 29 October 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 7 November 2012 to Wednesday, 14 November 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which the condition to the Rights Issue is fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENTS

The last day of dealings in the Shares on a cum-rights basis will be Friday, 26 October 2012. The Shares will be dealt in on an ex-rights basis from Monday, 29 October 2012. The Rights Shares are expected to be dealt in in their nil-paid form from Wednesday, 7 November 2012 to Wednesday, 14 November 2012 (both days inclusive). To qualify for the Rights Issue, a Shareholder must:

- (a) be registered as a member of the Company on the Record Date; and
- (b) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant Share certificate(s)) with the Registrar,

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen’s Road East
Wanchai, Hong Kong

by 4:30 p.m. (Hong Kong time) on Tuesday, 30 October 2012.

The registers of members of the Company will be closed from Wednesday, 31 October 2012 to Friday, 2 November 2012 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Holders of Vested Share Options who wish to participate in the Rights Issue should exercise the subscription rights in accordance with the terms and conditions of the Share Option Schemes and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before the Record Date.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date, which is expected to be on Monday, 19 November 2012 or such other date as the Company and the Joint Underwriters may agree in writing. The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

For details of the trading arrangements, please refer to the section headed “4(a) Expected Timetable” below.

GENERAL

The Prospectus containing, among other things, further details of the Rights Issue together with the PALs and the EAFs is expected to be despatched by the Company to Qualifying Shareholders on or before Monday, 5 November 2012. A copy of the Prospectus will also be made available on the websites of the Company (www.espritholdings.com) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

1. PROPOSED RIGHTS ISSUE

(a) Issue statistics

<i>Basis of the Rights Issue</i>	: One (1) Rights Share for every two (2) existing Shares held on the Record Date
<i>Subscription Price</i>	: HK\$8.00 per Rights Share
<i>Number of Shares in issue</i>	: 1,292,176,114 Shares as at the date of this announcement

<i>Number of Rights Shares</i>	: 646,088,057 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Vested Share Options on or before the Record Date) and 655,782,557 Rights Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date)
<i>Joint Underwriters</i>	: HSBC and UBS
<i>Minimum enlarged issued share capital upon completion of the Rights Issue</i>	: 1,938,264,171 Shares (assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue)
<i>Maximum enlarged issued share capital upon completion of the Rights Issue</i>	: 1,967,347,671 Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date and no other Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue)

As at the date of this announcement, there were outstanding Share Options granted in respect of:

- (i) 25,096,000 Shares under the 2001 Share Option Scheme, of which 16,879,000 Shares may be allotted and issued upon full exercise of the Vested Share Options; and
- (ii) 31,480,000 Shares under the 2009 Share Option Scheme, of which 2,510,000 Shares may be allotted and issued upon full exercise of the Vested Share Options.

Assuming the full exercise of the subscription rights attached to the Vested Share Options and Shares are allotted and issued pursuant to such exercise on or before the Record Date, a total of 19,389,000 new Shares would fall to be allotted and issued, which would result in the issue of 9,694,500 additional Rights Shares.

Save for the outstanding Share Options as mentioned above, the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50.00% of the Company's issued share capital as at the Record Date and approximately 33.33% of the Company's issued share capital as enlarged by the Rights Issue.

(b) Subscription Price

The Subscription Price of HK\$8.00 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 35.7% to the closing price of HK\$12.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 36.2% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$12.54;
- (iii) a discount of approximately 36.6% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$12.61; and
- (iv) a discount of approximately 27.0% to the theoretical ex-rights price of approximately HK\$10.96 per Share based on the closing price of HK\$12.44 per Share as quoted on the Stock Exchange on the Last Trading Day.

Each Rights Share will have a par value of HK\$0.10.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

The Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values indicated above), to be fair and reasonable to, and in the interests of, the Company and the Shareholders as a whole.

(c) Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

The Company has not received any undertakings from any Shareholders to subscribe for all or any of the Rights Shares to be provisionally allotted to them.

(d) Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the then existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive the final dividend for the year ended 30 June 2012, subject to the Shareholders' approval of the final dividend at the Company's forthcoming 2012 annual general meeting, and all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

(e) Certificates for the Rights Shares and Refund Cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or around Monday, 26 November 2012 to those persons who have paid for and have accepted the Rights Shares, at their own risk. Applicant(s) will receive one Share certificate for all the Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or around Monday, 26 November 2012 to the applicants at their own risk.

(f) Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to HSBC or its nominee, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil-paid Rights Shares will be made available for excess applications by Qualifying Shareholders. No odd lot matching services will be provided.

(g) Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for:

- (i) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (iii) any unsold aggregated fractions of nil-paid Rights Shares.

Application for excess Rights Shares may be made only by a Qualifying Shareholder and only by completing an EAF (in accordance with the instructions printed thereon)

and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Monday, 19 November 2012 or such later time as may be agreed between the Company and the Joint Underwriters.

Any excess Rights Shares will, at the discretion of the Directors, be allocated and allotted on a fair and reasonable basis and as far as practicable:

- (i) preference will be given to those applications which will top-up odd lots to whole board lots, unless the total number of excess Rights Shares are not sufficient to top-up all odd lots into whole board lots or the Directors consider that such applications are made with the intent to abuse this mechanism; and
- (ii) subject to the availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess Rights Shares on a pro rata basis by reference to the number of excess Rights Shares they have applied for, with flexibility to round up to whole board lots at the discretion of the Directors.

In applying the principles above, reference will only be made to the number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder in accordance with the registers of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are deposited in CCASS) should note that the aforesaid odd lots arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the relevant Shares to be registered in their own names on or before the Record Date.

Investors whose Shares are held by nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the registers of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Tuesday, 30 October 2012.

(h) **Application for listing**

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 100 (as the Shares are currently traded on the Main Board of the Stock Exchange in board lots of 100). No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

(i) **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

(j) **Rights Shares will be eligible for admission into CCASS**

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

(k) **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must (i) be registered as a member of the Company as on the Record Date and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant Share certificate(s)) with the Registrar by 4:30 p.m. (Hong Kong time) on Tuesday, 30 October 2012. The last day of dealings in the Shares on a cum-rights basis is Friday, 26 October 2012. The Shares will be dealt in on an ex-rights basis from Monday, 29 October 2012. The particulars of the Registrar are as follows:

**Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong**

The Company will send the Rights Issue Documents to Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

Holders of Vested Share Options who wish to participate in the Rights Issue should exercise the subscription rights in accordance with the terms and conditions of the Share Option Schemes and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before the Record Date.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

(I) Non-Qualifying Shareholders

Overseas Shareholders on the Record Date may not be eligible to take part in the Rights Issue as explained below.

The Board is making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders.

The Rights Issue will not be extended to Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them. The Company will, to the extent reasonably practicable, send the Prospectus to Non-Qualifying Shareholders for their information only on the Posting Date but will not send the PALs or the EAFs to them. The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. The basis of exclusion of Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to Non-Qualifying Shareholders to be sold in the market in their nil-paid form after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the Latest Time for Acceptance, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company on the Record Date in Hong Kong dollars. The

Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of Non-Qualifying Shareholders, as referred to above in this announcement, will be made available for excess applications on EAFs by Qualifying Shareholders.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

(m) Closure of the registers of members

The registers of members of the Company will be closed from Wednesday, 31 October 2012 to Friday, 2 November 2012 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

2. UNDERWRITING ARRANGEMENT

(a) Underwriting Agreement

Date	: 22 October 2012
Joint Underwriters	: HSBC and UBS
Number of Underwritten Shares	: The Rights Shares will be fully underwritten by the Joint Underwriters in equal portions
Joint Underwriters' fee	: 2.25% of the aggregate Subscription Price of the Underwritten Shares plus a discretionary fee of 0.25% of the aggregate Subscription Price of the Underwritten Shares to be determined at the absolute and sole discretion of the Company

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Joint Underwriters) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Joint Underwriters have agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Joint Underwriters and their respective ultimate holding companies are Independent Third Parties.

(b) Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The obligations of the Joint Underwriters under the Underwriting Agreement are conditional upon:

- (i) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (ii) the registration and filing of the Rights Issue Documents with the Registrar of Companies in Hong Kong and in Bermuda;
- (iii) all relevant consents and approvals being obtained from all relevant governmental and regulatory authorities, including the Stock Exchange and the SFC, by the Company, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (iv) compliance by the Company with its obligations in connection with the making of the Rights Issue and the allotment and offer of the Rights Shares by the times specified;
- (v) receipt by the Joint Underwriters (in a form satisfactory to them) of all relevant documents by the times specified in the Underwriting Agreement; and
- (vi) in respect of the warranties and the undertakings contained in the Underwriting Agreement, by the Latest Time for Termination, (A) no material breach of any of the warranties or the undertakings having come to the knowledge of any of the Joint Underwriters, and (B) a matter not having arisen which would reasonably be expected to give rise to a material breach or a material claim.

The Company shall use its reasonable endeavours to procure the fulfilment of each of the above conditions within the relevant time referred to in each case (or if no date is specified, by the Latest Time for Termination) and to procure that each of the above conditions is fulfilled in sufficient time so that the Latest Time for Termination falls on or before the Long Stop Date and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be reasonably required by the Joint Underwriters and the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.

If (i) any of the above conditions shall not have been fulfilled or waived in accordance with the terms of the Underwriting Agreement by the specified time and date or (ii) the Latest Time for Termination occurs, or will occur, after the Long Stop Date, the Underwriting Agreement shall terminate (save in respect of certain rights and obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

The Joint Underwriters shall have the right, in their absolute discretion, by giving notice to the Company on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (i) to extend the deadline for the fulfilment of such condition by such time or number of days or in such manner as the Joint Underwriters may determine; or
- (ii) to waive such condition (other than condition (i) above), and such waiver may be made subject to such terms and conditions as the Joint Underwriters may determine.

(c) **Lock up provisions under the Underwriting Agreement**

The Company has undertaken to the Joint Underwriters, that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Closing Date, except with the prior written consent of the Joint Underwriters, the Company will not (except for (A) the Rights Shares; (B) any Shares that are issued pursuant to the terms of the Share Option Schemes; and (C) any Shares that are issued in respect of a dividend settled in whole or in part by the issuance of Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;
- (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares;
- (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i) or (ii) above; or
- (iv) announce any intention to enter into or effect any such transaction described in paragraph (i), (ii) and (iii) above.

(d) **Termination of the Underwriting Agreement**

The Joint Underwriters may, by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if:

- (i) any material breach of any of the warranties or the undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Joint Underwriters, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement or any matter has arisen which would reasonably be expected to give rise to such a material breach or a material claim in respect of the warranties or undertakings contained in the Underwriting Agreement; or

- (ii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (iii) the Company is required to produce a supplementary prospectus (the Joint Underwriters having first consulted the Company, where practicable); or
- (iv) there is any adverse change or prospective adverse change in the business, results of operations, prospects, management, shareholders' equity or in the financial or trading position of the Group taken as a whole which is material in the context of the Rights Issue; or
- (v) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (vi) there has occurred, happened or come into effect any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (A) any change in, or any event or series of events likely to result in any change in, (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in the PRC, Hong Kong, the United States, the European Union or any of its members; or
 - (B) any event or circumstance in the nature of *force majeure* (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong, the European Union (or any member thereof) or the United States; or
 - (C) the declaration of a banking moratorium by the PRC, Hong Kong, European Union (or any member thereof) or United States authorities; or
 - (D) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange plc, the New York Stock Exchange, Inc or NASDAQ, or any major disruption of any securities settlement or clearing services in Hong Kong; or
 - (E) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on its business; or

- (F) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is for not more than two trading days),

the effect of which events and circumstances referred to in paragraph (vi) above, individually or in the aggregate (in the sole opinion of the Joint Underwriters after consultation with the Company, where practicable): (1) is or would be reasonably likely to be materially adverse to, or prejudicially affects or would be reasonably likely to prejudicially affect, the Group as a whole or the Rights Issue; or (2) makes it inadvisable or inexpedient to proceed with the Rights Issue.

If prior to the Latest Time for Termination any notice to rescind or terminate the Underwriting Agreement is given by the Joint Underwriters, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

3. EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

(a) Changes in the Shareholding Structure of the Company arising from the Rights Issue

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Scenario 1:

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue:

	Shareholding immediately after completion of the Rights Issue (Note 2)					
	As at the date of this announcement (Note 1 and 2)		assuming 0% of Rights Issue taken up by Qualifying Shareholders		assuming 100% of Rights Issue taken up by Qualifying Shareholders	
	No. of Shares	Approximate % of the total issued Shares	No. of Shares	Approximate % of the total issued Shares	No. of Shares	Approximate % of the total issued Shares
Lone Pine Capital LLC	182,903,600	14.15%	182,903,600	9.44%	274,355,400	14.15%
Other Shareholders	1,109,272,514	85.85%	1,109,272,514	57.23%	1,663,908,771	85.85%
Joint Underwriters (Note 3)	—	0.00%	646,088,057	33.33%	—	0.00%
Total:	<u>1,292,176,114</u>	<u>100.00%</u>	<u>1,938,264,171</u>	<u>100.00%</u>	<u>1,938,264,171</u>	<u>100.00%</u>

Notes:

- (1) Based on information in the disclosure of interests register.
- (2) Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (3) Pursuant to the Joint Underwriters' underwriting obligations under the Underwriting Agreement.

Scenario 2:

Assuming new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of the Vested Share Options, but otherwise no other Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue:

	Shareholding immediately after completion of the Rights Issue (Note 2)					
	As at the date of this announcement (Note 1 and 2)		assuming 0% of Rights Issue taken up by Qualifying Shareholders		assuming 100% of Rights Issue taken up by Qualifying Shareholders	
	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>
Lone Pine Capital LLC	182,903,600	14.15%	182,903,600	9.30%	274,355,400	13.95%
Other Shareholders	1,109,272,514	85.85%	1,109,272,514	56.38%	1,663,908,771	84.58%
Holder of Vested Share Options (Note 3)	—	0.00%	19,389,000	0.99%	29,083,500	1.48%
Joint Underwriters (Note 4)	—	0.00%	655,782,557	33.33%	—	0.00%
Total:	<u>1,292,176,114</u>	<u>100.00%</u>	<u>1,967,347,671</u>	<u>100.00%</u>	<u>1,967,347,671</u>	<u>100.00%</u>

Notes:

- (1) Based on information in the disclosure of interests register.
- (2) Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (3) Pursuant to the full exercise of the Vested Share Options.
- (4) Pursuant to the Joint Underwriters' underwriting obligations under the Underwriting Agreement.

4. RIGHTS ISSUE TIMETABLE

(a) Expected Timetable

Last day for dealings in the Shares on a cum-rights basis	Friday, 26 October 2012
Commencement of dealings in the Shares on an ex-rights basis	Monday, 29 October 2012
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Tuesday, 30 October 2012
Closure of the registers of members for determining entitlements under the Rights Issue (both days inclusive)	Wednesday, 31 October 2012 to Friday, 2 November 2012
Record Date for determining entitlements under the Rights Issue	5:00 p.m. on Friday, 2 November 2012
Registers of members re-open	Monday, 5 November 2012
Despatch of the Rights Issue Documents	Monday, 5 November 2012
First day for dealings in nil-paid Rights Shares	Wednesday, 7 November 2012
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 9 November 2012
Last day for dealings in nil-paid Rights Shares	Wednesday, 14 November 2012
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 19 November 2012
Rights Issue expected to become unconditional	4:00 p.m. on Thursday, 22 November 2012

Announcement of results of the Rights Issue to be published on the respective websites of the StockExchange and the Company on or beforeFriday, 23 November 2012

Certificates for the Rights Shares expected to be despatched on or aroundMonday, 26 November 2012

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or aroundMonday, 26 November 2012

Expected first day of dealings in fully-paid Rights Shares9:00 a.m. on Tuesday, 27 November 2012

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Joint Underwriters.

If any special circumstances arise, the Board may extend, or make adjustment to, the expected timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

(b) Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

- (i) a tropical cyclone warning signal number 8 or above; or
- (ii) a “black” rainstorm warning is in force in Hong Kong at any local time:
 - (A) before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (B) between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights

Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “4(a) Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

(c) Warning of the risks of dealing in the Shares and the nil-paid Rights Shares

The Underwriting Agreement contains provisions granting the Joint Underwriters a right to terminate their obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “2(a) Termination of the Underwriting Agreement” above for further details.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 29 October 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 7 November 2012 to Wednesday, 14 November 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which the condition to the Rights Issue is fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

5. REASONS FOR THE RIGHTS ISSUE

The Directors have decided to undertake the Rights Issue to give the Company financial flexibility and to provide funding for the execution of the transformation plan of the Company. In making this decision, the Directors have considered the current challenging operating environment and economic uncertainties.

6. USE OF PROCEEDS

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$5,017.4 million after the deduction of all estimated expenses (assuming that no new Shares have been allotted and issued pursuant to the Share Option Schemes on or before the Record Date) and not more than approximately HK\$5,092.8 million after the deduction of all estimated expenses (assuming 19,389,000 new Shares have been allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date).

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be not less than approximately HK\$151.3 million (assuming that no new Shares have been allotted and issued pursuant to the Share Option Schemes on or before the Record Date) and not more than approximately HK\$153.4 million (assuming 19,389,000 new Shares have been allotted and issued pursuant to the full exercise of the Vested Share Options on or before the Record Date), and will be payable by the Company.

The Company intends to apply the net proceeds of the Rights Issue to:

- (i) funding the execution of the transformation plan of the Company, including:
 - (A) rebuilding and revitalising the Esprit brand;
 - (B) overhauling the product engine;
 - (C) refurbishing existing stores and points of sale in line with the Company's new brand direction and offering strategic support to the Company's wholesale partners to drive targeted expansion in strategic markets;
 - (D) developing the supply chain; and
 - (E) fueling future expansion plans; and
- (ii) providing general working capital to the Group.

7. TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

8. EQUITY FUND RAISING BY THE COMPANY

The Company has not engaged in or initiated any equity fund raising exercises (including any rights issue exercise) during the 12 months immediately preceding the date of this announcement.

9. SHAREHOLDERS' APPROVAL NOT REQUIRED FOR RIGHTS ISSUE

There is no requirement under the Listing Rules for the Rights Issue to be approved by Shareholders in a general meeting.

10. POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS

As a result of the Rights Issue, the exercise prices of, and/or the number or nominal amount of Shares subject to, the outstanding Share Options may be adjusted in accordance with the terms and conditions of the Share Option Schemes. The Company will make further announcements on the appropriate adjustments (if any) and the date they are expected to take effect in due course.

11. INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the wholesale and retail distribution and licensing of quality fashion and lifestyle products under its own internationally-known Esprit brand name.

12. GENERAL

The Prospectus containing, among other things, further details of the Rights Issue together with the PALs and the EAFs is expected to be despatched by the Company to Qualifying Shareholders on or before Monday, 5 November 2012. A copy of the Prospectus will also be made available on the websites of the Company (www.espritholdings.com) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send any PAL or EAF to them.

13. DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

"2001 Share Option Scheme"	the share option scheme adopted by the Company on 26 November 2001 and terminated on 10 December 2009;
"2009 Share Option Scheme"	the share option scheme adopted by the Company on 10 December 2009;
"Board"	the board of Directors;
"Business Day"	any weekday (other than a Saturday or on a day which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) which banks generally are open for business in Hong Kong;

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	such date falling on the third Business Day after the Latest Time for Acceptance or such later date as the Company and the Joint Underwriters may agree in writing;
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO and registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and who are not connected person(s) of the Company;
“Joint Underwriters”	HSBC and UBS;
“Last Trading Day”	Monday, 22 October 2012, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement;

“Latest Acceptance Date”	Monday, 19 November 2012, being the last day for acceptance of, and payment for, the Rights Shares, or such other date as the Company and the Joint Underwriters may agree in writing;
“Latest Time for Acceptance”	the latest time for acceptance of, and payment for, the Rights Shares, which is expected to be 4:00 p.m. on the Latest Acceptance Date;
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later date as the Company and the Joint Underwriters may agree in writing;
“Listing Committee”	shall have the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	Monday, 3 December 2012 or such later date as the Joint Underwriters may agree;
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) and other person(s) whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares to on account of either the legal restrictions under the laws of a place outside Hong Kong or the requirements of the relevant regulatory body or stock exchange in that place;
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the registers of members of the Company on the Record Date and whose address(es) as shown on such registers is/are outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Posting Date”	Monday, 5 November 2012 or such other date as the Company and the Joint Underwriters may agree in writing for the despatch of the Rights Issue Documents;
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue;

“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the registers of members of the Company on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	5:00 p.m. on Friday, 2 November 2012 (or such other date as the Company and the Joint Underwriters may agree in writing), being the date by reference to which entitlements to the Rights Issue are expected to be determined;
“Registrar”	Tricor Secretaries Limited, the Hong Kong branch share registrar of the Company at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong;
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date payable in full on acceptance;
“Rights Issue Documents”	the Prospectus, the PAL(s) and the EAF(s);
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.10 each;
“Shareholder(s)”	duly registered holder(s) of the Shares;
“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Schemes;
“Share Option Schemes”	the 2001 Share Option Scheme and 2009 Share Option Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$8.00 per Rights Share;
“taken up/take up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof;

“UBS”	UBS AG, Hong Kong Branch, a registered institution under the SFO and registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO;
“US Securities Act”	US Securities Act of 1933, as amended;
“Underwriting Agreement”	the underwriting agreement dated 22 October 2012 and entered into between the Company and the Joint Underwriters in relation to the Rights Issue;
“Underwritten Shares”	the Rights Shares underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement;
“United States” or “US”	the United States of America (including its territories and possessions, any state in the US and the District of Columbia);
“Vested Share Options”	Share Options which have been validly vested to the holders entitling them to subscribe for Shares on or before the Record Date (being Share Options in respect of 19,389,000 Shares as at the date of this announcement); and
“%”	per cent. or percentage.

By Order of the Board
Florence Ng Wai Yin
Company Secretary

Hong Kong, 22 October 2012

As at the date of this announcement, the Board comprises (i) Mr. Jose Manuel Martínez Gutiérrez (Group Chief Executive Officer) and Mr. Thomas Tang Wing Yung (Group Chief Financial Officer) as Executive Directors; (ii) Mr. Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Mr. Raymond Or Ching Fai (Chairman), Mr. Paul Cheng Ming Fun (Deputy Chairman) and Mr. Alexander Reid Hamilton as Independent Non-executive Directors.