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EganaGoldpfeil

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 048)

DRAWDOWN OF HK$300 MILLION ADDITIONAL LOAN FINANCE, POSSIBLE CHANGE IN SHAREHOLDINGS OF THE COMPANY, CHARGE OF SHARES BY CONTROLLING SHAREHOLDER, POSSIBLE TAKEOVERS CODE IMPLICATIONS, UPDATE OF WORKING CAPITAL POSITION, PROFIT WARNING, POSTPONEMENT OF BOARD MEETING AND DELAY IN PUBLICATION OF FINAL RESULTS FOR THE YEAR ENDED 31 MAY 2007

Following negotiations which have included PIL, the Company's controlling shareholder, financial creditors and third parties, the Board is pleased to announce that a Bridging Loan of HK$300 million has been agreed with the Lifestyle. This amount has been drawn down in full on 24 September 2007.

The Bridging Loan was part of arrangements set out in a non-binding term sheet negotiated with Lifestyle which is subject to a number of substantive conditions, including due diligence on the Group being satisfactory to Lifestyle. Apart from the Bridging Loan, other points covered in the term sheet include:

- a charge over the Joint Asset Shares as part of the security arrangements for the Bridging Loan.
- a proposed acquisition of the Joint Asset Shares by Lifestyle for an indicative price of HK$0.75 per Joint Asset Share, with the proceeds of approximately HK$325 million being paid by Joint Asset to the Group for a portfolio of accounts receivable of the Group (on terms to be agreed).

The Executive has informed the Company that it is considering the implications of the proposed acquisition of the Joint Asset Shares under Note 7 to Rule 26.1 of the Takeovers Code.

The Board would also like to update shareholders and the market on the working capital position of the Group.

The Board further announces that the meeting of the Board scheduled on 28 September 2007 for the purpose of, amongst other things, considering and approving the final results of the Company for the year ended 31 May 2007, has been postponed, and that there will be a delay in the publication of the final results of the Company and the despatch of the annual report.

Trading in the Shares was suspended with effect from 9:30 a.m. on 12 September 2007 and will remain suspended until, among other things, publication of the final results of the Company for the year ended 31 May 2007.

This announcement is made pursuant to Rules 13.09, 13.17 and 13.49 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Loan to the Company

The board of directors of the Company (the "Board") has been in negotiations with its financial creditors and third parties for the provision of bridging finance. These negotiations have resulted in funding being secured on terms referred to below. The Board has been informed by Peninsula International Limited ("PIL"), the largest shareholder of the Company, that PIL has been in negotiations with third party investors concerning the proposed acquisition of approximately 29.67% of the shares in the Company (the "Joint Asset Shares") held by PIL through PIL's wholly-owned subsidiary Joint Asset International Limited ("Joint Asset") and the provision of finance to the Company. Following such negotiations, Joint Asset has indicated that it proposes to sell the Joint Asset Shares to the party which has agreed to provide bridging finance to the Company.

As at the date of this announcement, PIL directly and indirectly holds 485,388,326 shares in the Company (the "Shares"), representing approximately 33.15% of the total issued share capital of the Company. Of the 485,388,326 Shares, 434,345,736 Shares, representing approximately 29.67% of the total issued share capital of the Company, are held by PIL through Joint Asset. PIL is a wholly-owned investment holding company of The Captive Insurance Trust, a discretionary trust whose prospective beneficiaries include Mr. Hans-Joerg Seeberger, an executive director and chairman of the Company, and his family.

On 23 September 2007 the Company entered into an arrangement to borrow from a wholly owned subsidiary of Lifestyle International Holdings Limited ("Lifestyle"), which is a Hong Kong listed company, the amount of HK$300 million, which has been drawn down in full on 24 September 2007 (the "Bridging Loan").

Following the discontinuance of the Bank of China HK and Taishin proceedings as disclosed below, there are no proceedings against any member of the Group. The Group has requested that all financial creditors exercise forbearance pending the implementation of a financial restructuring. Based upon discussions with financial creditors, the Company considers it likely that such forbearance will be exercised by all financial creditors. With such forbearance, the Group will be able to meet all of its operating cost and liabilities as they fall due for at least the next three months.

The Bridging Loan, which is for a term of four months from the first drawdown date (renewable at the option of Lifestyle), is secured by the following:

(a) a charge over all equity interests in PC International Marketing Limited ("PCIM"), a wholly owned subsidiary of the Company holding and operating the brand "Pierre Cardin", and a debenture over the assets of PCIM;

(b) a charge over the Group's owned office premises in Hong Kong;

(c) charges over the bank accounts in which the Bridging Loan funds are held; and

(d) a charge over the Joint Asset Shares.

Proposed financial restructuring and sale of Joint Asset Shares

Lifestyle has submitted a non-binding term sheet which sets out the terms on which it proposes to invest in the Company. Such terms include:

(a) the subscription by Lifestyle to convertible bonds to be issued by the Company in consideration of payment to the Company of HK$880 million, at an initial conversion price of HK$1.00 per share which may be reduced to HK$0.75 per share by the Company subject to the Company passing the necessary resolutions;

(b) the proposed acquisition by Lifestyle of the Joint Asset Shares for an indicative price of HK$0.75 per Joint Asset Share, with the proceeds of approximately HK$325 million being paid by Joint Asset for a portfolio of accounts receivable of the Group (on terms to be agreed). The parties have yet to agree on the portfolio of accounts receivable;

(c) a restructuring of the Group's financial indebtedness on terms acceptable to the Group's financial creditors; and

(d) Joint Asset and the Company would procure the appointment of up to three representatives nominated by Lifestyle to the Board.

The proposed restructuring and sale of the Joint Asset Shares are subject to satisfactory financial, legal and operational due diligence and any necessary shareholders' approval. Joint Asset has agreed to grant exclusivity to Lifestyle until 31 January 2008 in relation to the acquisition of the Joint Asset Shares.

To the best of the knowledge, information and belief of the Company's directors having made all reasonable enquiry, only the Joint Asset Shares are the subject of negotiation with third parties.

The Group and Lifestyle have held discussions with a number of the Group's major financial creditors who have expressed their support for the proposed restructuring, subject to agreement of detailed terms.

Possible Takeovers Code implications

The Company has been informed by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the "Executive") that the Executive is examining closely whether the proposed acquisition of the Joint Asset Shares, which represent 29.67% of the Company's voting rights, out of PIL's total holding of 33.15%, would trigger a general offer obligation on the part of Lifestyle under the provisions of Note 7 to Rule 26.1 of the Takeovers Code. Under Note 7, if the arrangements between the purchaser of part of a holding of over 30% and the vendor effectively allows the purchaser to exercise a significant degree of control over the voting rights not purchased, a general offer would normally be required.

Possible impact on share capital

Subject to completion of the proposed acquisition and assuming there is no other change in the shareholding structure of the Company, Lifestyle will become the single largest shareholder of the Company.

Detailed terms of conversion have yet to be agreed upon by the parties. Accordingly, although it is possible that the conversion will result in a change in control of the Company, it is still uncertain at this stage whether this will be the case. The Company will ensure that no less than 25% of the Shares will be held by the public at all times in compliance with the minimum public float requirement of the Listing Rules upon and following conversion of the convertible bonds.

Withdrawal of legal proceedings against the Company

It was reported in various newspaper articles on 18 September 2007 that Bank of China (Hong Kong) Limited ("Bank of China HK") has served a writ of summons on the Company on 17 September 2007 to repay loans of HK$7,012,548.32, US$400,601.84 and EUR2,944,726.85 plus interest (equivalent to an aggregate amount of approximately HK$41.87 million). The Company confirms that Bank of China HK has withdrawn these proceedings on 21 September 2007.

The Company confirms that Taishin International Bank, Hong Kong Branch ("Taishin") has served writs of summons against the Company and its subsidiaries, namely, Egana-Haru Mfr. Corp. Limited and Egana of Switzerland (Far East) Limited to repay loans of CHF85,826.82, HK$14,206,406.15, JPY2,555,139.00 and US$1,313,628.74 plus interest (equivalent to an aggregate amount of approximately HK$25.17 million) and against the Company and Oro Design Limited to repay loans of EUR74,844.97, HK$6,200,000.00 and US$27,837.27 (equivalent to an aggregate amount of approximately HK$7.24 million) on 22 September 2007. The Company confirms that Taishin has withdrawn these proceedings on 27 September 2007.

To the best of the knowledge, information and belief of the Company's directors having made all reasonable enquiry, the Company has not been served with any other writ as at the date of this announcement.

Withdrawal of credit insurance and debt factoring facilities

The Company and its subsidiaries (together the "Group") were given notice by the Group's credit insurers and factoring banks late on 11 September 2007 that the Group's credit insurance and debt factoring facilities were being withdrawn. The withdrawal of the Group's credit insurance and debt factoring facilities will not require the Group to pay or repay any monies in respect of monies already obtained through such facilities. However, the withdrawal of these facilities will have material implications for the Group's cash flow and ongoing trading business as a whole, as the Group will now have to wait for customers to settle trade receivables (in say 45-60 days) instead of raising cash immediately by factoring them. The Group is continuing discussions with its credit insurers and its factoring banks and will use best efforts to re-establish the facilities, following the Bridging Loan. The Group's main factoring bank has now restored the factoring facilities.

Profit warning

On 7 August 2007, the Company announced that KPMG had been appointed to conduct an independent review of the Company's financial position including a review of the Group's receivables. On 31 August 2007, the Company announced that the preliminary findings of KPMG had indicated that approximately HK$2.28 billion (comprising approximately HK$605 million in trade receivables and approximately HK$1.67 billion in interest bearing deposits) is sufficiently uncertain as to make it likely that provision will need to be made in the Group's accounts in relation to at least a proportion of these receivables and deposits. As a result, the Board considers it appropriate to make provision in the Company's results against these receivables and deposits. While the amount of the provision to be made against the receivables and deposits is still under consideration, it is likely to be sufficiently large to have a material adverse effect on the Company's net asset value, possibly resulting in a deficit and a significant loss for the year ended 31 May 2007, compared to a profit of HK$186 million announced at the interim. The Board is still considering what provision would be appropriate in light of the information it has to date. The Board may take into account the KPMG's review report in their assessment of what provisions would be appropriate if decisions have not been made yet by the time the KPMG review report becomes available.

Postponement of Board meeting and delay in publication of final results for the year ended 31 May 2007 ("Annual Results")

The Board announces that the meeting of the Board scheduled on 28 September 2007 to consider and approve, amongst other things, the Annual Results, has been postponed. As a result, the Board further announces that there will be a delay in the publication of the Annual Results and the despatch of the annual report for the year ended 31 May 2007.

The reasons for the delay are that (i) the Company and the auditors require further time to agree on the amount of provisions to be made against the Company's receivables and deposits and (ii) more time is required to finalise the Annual Results. It is expected that the Annual Results will be published on or before 31 October 2007.

The directors of the Company acknowledge that the above delay constitutes a breach of Rules 13.46(2)(a) and 13.49(1) of the Listing Rules.

Continued suspension of trading of Shares

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 12 September 2007, and will remain suspended until, among other things, publication of the Annual Results.

Other than the information disclosed in this announcement, the Board is not aware of any other matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules or under a specific disclosure obligation under the Listing Rules.

Pending the completion of KPMG's review and the release of the 2006-2007 results, shareholders of the Company and potential investors are advised to exercise extreme caution in dealing in the Shares.

By Order of the Board
Peter Ka Yue LEE
Deputy Chairman

Hong Kong, 2 October 2007

As at the date of this announcement, the Board comprises Messrs Hans-Joerg SEEBERGER (who was not able to approve this announcement for health reasons), Peter Ka Yue LEE, Michael Richard POIX, Ho Yin CHIK, Juergen Ludwig HOLZSCHUH and Wolfgang Heinz PFEIFER as Executive Directors and Professor Udo GLITTENBERG and Dr. Goetz Reiner WESTERMEYER as Independent Non-Executive Directors.

The directors of the Company (except for Mr. Hans-Joerg SEEBERGER, who was not able to approve this announcement due to health reasons) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company and themselves and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement concerning the Company and themselves have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement concerning the Company and themselves misleading.