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EGANA GOLDPFEIL

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(stock code: 48)

ANNOUNCEMENT

Insolvency

As announced on 22 July 2008 and subsequently, Egana and its subsidiaries have faced continued liquidity difficulties. In particular, Egana has tried various means to remedy the excess indebtedness and/or illiquidity of its German subsidiaries, but unfortunately it has not been possible to achieve a resolution of the relevant subsidiaries' difficulties to date.

Due to the lack of any alternative solution and in the circumstances in which Egana finds itself as set out in the body of this announcement below, EGEH, the Egana Group's German incorporated European holding company and a subsidiary of Egana, has filed for insolvency proceedings with the competent German court which has appointed a Frankfurt based lawyer as temporary administrator. Subsequent to the filing for insolvency proceedings for EGEH, four other German subsidiaries of the Egana Group, namely Guthmann+Wittenauer Schmuck GmbH, Junghans Uhren GmbH, EganaGoldpfeil Accessoires GmbH and Porzellan-Manufaktur Ludwigsburg GmbH, have filed for insolvency proceedings with the competent local courts. Temporary administrators, all being Frankfurt or Stuttgart based lawyers, have been appointed to these four companies.

It is possible that the temporary administrators and the directors of the Insolvency Companies may decide that some loss-making German subsidiaries should be placed in formal insolvency proceedings to enhance the ability to achieve a satisfactory outcome for the rest of the Egana Group, although no decision in this regard has been made as at the date of this announcement.

Bridging loan

It was stated in the joint announcement of Egana and Lifestyle dated 4 September 2008 that Egana signed an extension letter with Billion Empire Limited, a wholly-owned subsidiary of Lifestyle, to extend the maturity date of the HK\$300 million Bridging Loan to a date no later than 1:00 p.m. (Hong Kong time) on 26 September 2008. The DRA ceased to have effect on 26 September 2008 because the conditions precedent to the DRA were not satisfied or waived on or before 26 September 2008.

As at the date of this announcement, no revised agreement in relation to the restructuring of the Egana Group has been reached among Lifestyle, Egana and the Participating Creditors. The Bridging Loan matured at 1:00 p.m. (Hong Kong time) on 26 September 2008, and no repayment of the Bridging Loan has been made by Egana. Lifestyle has announced that Billion Empire Limited is not prepared to extend the Bridging Loan further. Billion Empire Limited has demanded repayment of the Bridging Loan. Lifestyle has also stated that it will consider the best course of action to maximize its recovery by discussing with Egana and the other creditors and, as and when required, taking legal rights on the securities of the Bridging Loan.

As at the date of this announcement, a number of approaches and expressions of interest have been received from third parties interested in investing in the Egana Group as a whole or in purchasing certain individual subsidiaries. The continued cooperation of the Egana Group's creditors during the negotiations with such third parties is essential to achieving a successful completion of such transactions, and in turn to the Egana Group's creditors receiving an enhanced return when compared with the likely distributions that would be available out of an insolvent liquidation. In light of these circumstances, Egana is requesting that all of the Egana Group's creditors continue to exercise forbearance in bringing any claim or action against any member of the Egana Group.

Egana will make further announcement(s) to provide updates on developments as and when appropriate and in accordance with the Listing Rules.

Postponement of release of the audited financial results for the year ended 31 May 2008

It was disclosed in the announcement of Egana dated 23 May 2008 that Baker Tilly Hong Kong Limited had resigned as auditors of Egana and certain of its subsidiaries comprising the Egana Group. As at the date of this announcement, the appointment of new auditors has not yet been made. This has resulted in the postponement of the release of the Annual Results and the despatch of the Annual Report. A further announcement will be made by Egana to inform the shareholders of the expected dates of release of the Annual Results and despatch of the Annual Report when the Egana Board is in a position to do so.

Appointment of authorised representatives

Mr. Michael Richard Poix and Mr. Juergen Ludwig Holzschuh have been appointed as the authorised representatives of Egana, being the principal channel of communication with the Stock Exchange, with effect from 26 August 2008.

General

At the request of Egana, trading in the shares of Egana was suspended with effect from 9:30 a.m. on 12 September 2007 and will remain suspended until further notice.

Shareholders and investors should exercise caution when dealing in the securities of Egana.

Insolvency

As announced on 22 July 2008 and subsequently, EganaGoldpfeil (Holdings) Limited (“Egana”), and its subsidiaries, (together the “Egana Group”) have faced continued liquidity difficulties. In particular, Egana has tried various means to remedy the excess indebtedness and/or illiquidity of its German subsidiaries, but unfortunately it has not been possible to achieve a resolution of the relevant subsidiaries’ difficulties to date.

German insolvency law places very strict obligations on directors of German companies. Where a company is either unable to pay its debts when due or has a negative balance sheet, its managing directors are under a statutory obligation to file for insolvency proceedings with the competent German court. These statutory German law obligations apply to the Egana Group’s German subsidiaries, irrespective of the fact that its ultimate parent is a Hong Kong based company. The German court, before deciding on the request to open insolvency proceedings, will appoint a “temporary administrator” in order to protect the company’s assets.

Due to the lack of any alternative solution and in the circumstances described above, EganaGoldpfeil Europe (Holdings) GmbH (“EGEH”), the Egana Group’s German incorporated European holding company and a subsidiary of Egana, has filed for insolvency proceedings with the competent German court, *Amtsgericht Offenbach am Main*, which has appointed a Frankfurt based lawyer as temporary administrator.

Subsequent to the filing for insolvency proceedings for EGEH, four other German subsidiaries of the Egana Group, namely Guthmann+Wittenauer Schmuck GmbH, Junghans Uhren GmbH, EganaGoldpfeil Accessoires GmbH and Porzellan-Manufaktur Ludwigsburg GmbH (these four companies together with EGEH, the “Insolvency Companies”) have filed for insolvency proceedings with the competent local courts. Temporary administrators, all being Frankfurt or Stuttgart based lawyers, have been appointed to these four companies.

A summary of the respective court orders made by the competent local courts is publicly available for inspection under www.insolvenzbekanntmachungen.de.

Whilst the managing directors of the Insolvency Companies remain in office, the business and operations of the Insolvency Companies are subject to the monitoring of the court-appointed temporary administrators. Consent from the temporary administrators is required for the transfer or disposal of assets (including shares held by the Insolvency Companies) and the set-off of accounts by the Insolvency Companies. Egana (the listed company) and its subsidiaries (other than the Insolvency Companies) remain under the full control of the existing directors and management. Based on the unaudited turnover for the year ended 31 May 2008, the business of the Insolvency Companies and their respective subsidiaries represented approximately 74% of business of the Egana Group.

It is possible that the temporary administrators and the directors of the Insolvency Companies may decide that some loss-making German subsidiaries should be placed in formal insolvency proceedings to enhance the ability to achieve a satisfactory outcome for the rest of the Egana Group, although no decision in this regard has been made as at the date of this announcement.

Bridging loan

It was stated in the joint announcement of Egana and Lifestyle International Holdings Limited (“Lifestyle”) dated 4 September 2008 that Egana signed an extension letter with Billion Empire Limited, a wholly-owned subsidiary of Lifestyle, to extend the maturity date of the HK\$300 million bridging loan (the “Bridging Loan”) to a date no later than 1:00 p.m. (Hong Kong time) on 26 September 2008.

According to the debt restructuring agreement entered into between Lifestyle, Egana and the participating creditors (the “Participating Creditors”) with effect from 26 May 2008 (the “DRA”), the DRA ceased to have effect on 26 September 2008 because the conditions precedent to the DRA were not satisfied or waived on or before 26 September 2008. Lifestyle, Egana and the coordinators acting on the instructions of the majority Participating Creditors had not agreed on a later date for the satisfaction or waiver of such conditions precedent.

As at the date of this announcement, no revised agreement in relation to the restructuring of the Egana Group has been reached among Lifestyle, Egana and the Participating Creditors. The Bridging Loan matured at 1:00 p.m. (Hong Kong time) on 26 September 2008, and no repayment of the Bridging Loan has been made by Egana.

Lifestyle has announced that Billion Empire Limited is not prepared to extend the Bridging Loan further. Billion Empire Limited has demanded repayment of the Bridging Loan. Lifestyle has also stated that it will consider the best course of action to maximize its recovery by discussing with Egana and the other creditors and, as and when required, taking legal rights on the securities of the Bridging Loan.

As at the date of this announcement, a number of approaches and expressions of interest have been received from third parties interested in investing in the Egana Group as a whole or in purchasing certain individual subsidiaries. The continued cooperation of the Egana Group's creditors during the negotiations with such third parties is essential to achieving a successful completion of such transactions, and in turn to the Egana Group's creditors receiving an enhanced return when compared with the likely distributions that would be available out of an insolvent liquidation. In light of these circumstances, Egana is requesting that all of the Egana Group's creditors continue to exercise forbearance in bringing any claim or action against any member of the Egana Group.

Egana will make further announcement(s) to provide updates on developments as and when appropriate and in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Postponement of release of the audited financial results for the year ended 31 May 2008

The release of the audited financial results of the Egana Group for the financial year ended 31 May 2008 (the "Annual Results") and the despatch of the annual report for the corresponding financial year (the "Annual Report") will be postponed. It was disclosed in the announcement of Egana dated 23 May 2008 that Baker Tilly Hong Kong Limited had resigned as auditors of Egana and certain of its subsidiaries comprising the Egana Group. Egana is in the progress of soliciting the appointment of new auditors. As at the date of this announcement, the appointment of new auditors has not yet been made. This has resulted in the postponement of the release of the Annual Results and the despatch of the Annual Report. Due to the substantial loss recorded by the Egana Group for the six months ended 30 November 2007, the board of directors (the "Egana Board") expects that the Egana Group will record a net loss attributable to shareholders in a substantial amount for the financial year ended 31 May 2008.

As the appointment of auditors has not yet been made, the Egana Board is not in a position to ascertain when the release of the Annual Results and the despatch of the Annual Report can be made. A further announcement will be made by Egana to inform the shareholders of the expected dates of release of the Annual Results and despatch of the Annual Report when the Egana Board is in a position to do so.

As a result of the above, Egana is not in compliance with requirements under Rule 13.46(2) and Rule 13.49(1) of the Listing Rules to publish its Annual Results and despatch its Annual Report to its shareholders by not later than four months after the end of the financial year ended 31 May 2008, i.e. by 30 September 2008.

Appointment of authorised representatives

Mr. Michael Richard Poix and Mr. Juergen Ludwig Holzschuh have been appointed as the authorised representatives of Egana, being the principal channel of communication with the Stock Exchange, with effect from 26 August 2008.

General

At the request of Egana, trading in the shares of Egana was suspended with effect from 9:30 a.m. on 12 September 2007 and will remain suspended until further notice.

Shareholders and investors should exercise caution when dealing in the securities of Egana.

By order of the Egana Board
EganaGoldpfeil (Holdings) Limited
Michael Richard Poix
Chief Executive Officer

Hong Kong, 30 September 2008

As at the date of this announcement, the Egana Board comprises Messrs. Michael Richard Poix, 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 Egana jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement 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 misleading.