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聯洲國際集團有限公司

EGANAGOLDPFEIL

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(stock code: 048)

EGANA

JEWELLERY & PEARLS LIMITED

(聯洲珠寶有限公司)

(Incorporated in the Cayman Islands with limited liability)
(stock code: 926)

**(1) PROPOSAL TO CONSTITUTE
EGANA JEWELLERY & PEARLS LIMITED
AS A WHOLLY-OWNED SUBSIDIARY OF
EGANAGOLDPFEIL (HOLDINGS) LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES LAW
OF THE CAYMAN ISLANDS**

**(2) PROPOSED PRIVATISATION AND WITHDRAWAL OF LISTING OF
EGANA JEWELLERY & PEARLS LIMITED**

(3) PROPOSED OPTION OFFER TO THE OPTIONHOLDERS

**Financial adviser to
EganaGoldpfeil (Holdings) Limited**

BNP PARIBAS PEREGRINE

**Independent financial adviser
to the independent committee of the board of directors of
Egana Jewellery & Pearls Limited**



SOMERLEY LIMITED

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document, together with the proxy forms in respect of the Court Meeting and the EGM, the Election Form and the Option Offer Form, will be despatched to the Shareholders and the Optionholders on 18 August 2006.

The respective notices of the Court Meeting and the EGM to be held on 11 September 2006 are set out in the Composite Document.

Independent Shareholders and Optionholders should consider carefully the recommendation of the Independent Board Committee established in respect of the Proposal and the Option Offer to the Optionholders and the factors, reasons and recommendation in relation to the Proposal and the Option Offer made to the Optionholders as set out in the letter from Somerley, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal and the Option Offer to the Optionholders.

Shareholders, the EganaGoldpfeil Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions set out under the headings “Conditions of the Scheme of Arrangement” in the Composite Document being fulfilled or waived, as applicable, and consequently the Proposal may not become effective or may lapse. Accordingly, they are advised to exercise extreme caution when dealing in the Shares and the EganaGoldpfeil Shares.

INTRODUCTION

Reference is made to the joint announcement of EganaGoldpfeil and the Company dated 10 July 2006 (the “**Announcement**”) and the composite document jointly issued by EganaGoldpfeil and the Company and dispatched to the shareholders of the Company on 18 August 2006 (the “**Composite Document**”). Terms used in this announcement shall have the same meaning as in the Announcement and in the Composite Document unless otherwise defined herein.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document, together with the proxy forms in respect of the Court Meeting and the EGM, the Election Form and the Option Offer Form, will be despatched to the Shareholders and the Optionholders on 18 August 2006.

The Composite Document contains, among other things, further details about the Proposal and the Scheme of Arrangement, the expected timetable, the explanatory memorandum required under the Rules of the Grand Court of Cayman Islands 1995 (Revised), information regarding the Group and the EganaGoldpfeil Group, the letter from the Independent Board Committee, the letter from Somerley, the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM.

Independent Shareholders and Optionholders should consider carefully the recommendation of the Independent Board Committee established in respect of the Proposal and the Option Offer and the factors, reasons and recommendation in relation to the Proposal and the Option Offer as set out in the letter from Somerley, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal and the Option Offer.

INDEBTEDNESS

Indebtedness statement of the Group

At the close of business on 30th June, 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had outstanding bank borrowings of approximately HK\$428 million, obligations under finance leases of approximately HK\$0.3 million and other borrowings of HK\$51 million. The Group's banking facilities for bank borrowings of approximately HK\$596 million were secured by unconditional and continuing corporate guarantee provided by the Group and cross guarantees among its subsidiaries. Certain inventories were pledged as security for banking facilities granted to certain subsidiaries of the Group.

The Group had no material contingent liabilities as at 30th June 2006.

As at the close of business on 30th June 2006, save as disclosed in the section headed "Indebtedness" in the Composite Document and apart from inter-group liabilities and normal trade and other payables in the ordinary course of the business of the Group, the Group did not have any outstanding mortgages, charges, debentures, loan capital or other similar indebtedness, or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30th June 2006. The Directors have confirmed that there has been no material change in the Group's indebtedness and contingent liability position since 30th June 2006.

Indebtedness statement of the EganaGoldpfeil Group

At the close of business on 30th June 2006, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the EganaGoldpfeil Group had outstanding bank borrowings of approximately HK\$2,441 million, obligations under finance leases of approximately HK\$14 million and other borrowings of approximately HK\$86 million. The EganaGoldpfeil Group's banking facilities for bank borrowings of approximately HK\$3,240 million were secured by unconditional and continuing corporate guarantee provided by the EganaGoldpfeil Group and cross guarantees among its subsidiaries. Certain freehold land and buildings, leasehold rights and inventories were pledged as security for banking facilities granted to certain subsidiaries of the EganaGoldpfeil Group.

The EganaGoldpfeil Group had no material contingent liabilities as at 30th June 2006.

As at the close of business on 30 June 2006, save as disclosed in the section headed “Indebtedness” in the Composite Document and apart from inter-group liabilities and normal trade and other payables in the ordinary course of the business of the EganaGoldpfeil Group, the EganaGoldpfeil Group did not have any outstanding mortgages, charges, debentures, loan capital or other similar indebtedness, or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30th June 2006. The EganaGoldpfeil Directors have confirmed that there has been no material change in the EganaGoldpfeil Group’s indebtedness and contingent liability position since 30th June 2006.

EXPECTED TIMETABLE

*Hong Kong time
(unless otherwise stated)*

Latest time for lodging transfers of Shares
to qualify for attending and voting at the
Court Meeting and the EGM 4:00 p.m. on Thursday,
7 September 2006

Book close dates (Note 1) Friday, 8 September 2006
to Monday, 11 September 2006
(both days inclusive)

Latest time for lodging forms of proxy in
respect of Court Meeting (Note 2) 10:00 a.m. on Saturday,
9 September 2006

EGM (Note 2) 10:30 a.m. on Saturday,
9 September 2006

Suspension of dealings in the Shares 9:30 a.m. on Monday,
11 September 2006

Court Meeting (Note 3) 10:00 a.m. on Monday,
11 September 2006

EGM (Note 3) 10:30 a.m. on Monday,
11 September 2006
(or as soon thereafter as the Court Meeting
convened for the same day and place
shall have been concluded or adjourned)

Press announcement of the results of the
Court Meeting and the EGM in Hong Kong
Economic Times and The Standard Tuesday, 12 September 2006

Resumption of dealings in the Shares 9:30 a.m. on Tuesday,
12 September 2006

Board meeting to approve the
results of the Group for the year
ended 31 May 2006 Thursday, 21 September 2006

Publication of the annual results
announcement of the Group Friday, 22 September 2006

Hearing of the Company's summons
for directions in respect of the share
capital reduction (*Note 4*) Tuesday, 26 September 2006

Latest time for dealing in the Shares 4:00 p.m. on Wednesday,
11 October 2006

Suspension of dealing in the Shares pending
withdrawal of the listing of the Shares
on the Stock Exchange 9:30 a.m. on Thursday,
12 October 2006

Latest time for lodging transfers of Shares
to qualify for entitlements under the
Scheme of Arrangement 4:00 p.m. on Monday,
16 October 2006

Book close dates (*Note 5*) Tuesday, 17 October 2006
to Monday, 23 October 2006

Record Time 4:00 p.m. on Tuesday,
17 October 2006

Latest time for lodging the Election Form
by Scheme Shareholders who are qualified
for entitlements under the Scheme of
Arrangement (*Note 6*) 4:00 p.m. on Thursday,
19 October 2006

Court hearing of the petition to sanction the
Scheme of Arrangement and to confirm the share
capital reduction (*Note 4 and Note 7*) Friday, 20 October 2006

Effective Date (*Note 7*) Monday, 23 October 2006

Withdrawal of the listing of the Shares on the
Stock Exchange becomes effective 9:30 a.m. on Tuesday,
24 October 2006

Press announcement of, inter alia, (i) the results of the court hearing of the petition to sanction the Scheme of Arrangement and to confirm the share capital reduction, (ii) the results of the election for the Cash Alternative and Share Alternative, (iii) the Effective Date, (iv) the withdrawal of the listing of the Shares in Hong Kong Economic Times and The Standard Tuesday, 24 October 2006

Cheques to Scheme shareholders for cash entitlements and/or share certificates to be despatched on or before (*Note 8*)..... Wednesday, 1 November 2006

Latest time for lodging the Option Offer Form by the Optionholders (*Note 9*) 4:00 p.m. on Tuesday, 7 November 2006

Payment for cash entitlements to the Optionholders on or before Friday, 17 November 2006

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the EGM. This book close period is not for determining entitlements under the Scheme of Arrangement. Any Scheme Shareholders selling or transferring their Scheme Shares after such period will not be qualified for entitlements under the Scheme of Arrangement in respect of those Scheme Shares sold or transferred.
2. Both the pink form of proxy in respect of the Court Meeting and the white form of proxy in respect of the EGM, together with any power of attorney or other authority (if any) under which it is signed or a certified copy thereof, should be lodged with the Company at its principal place of business in Hong Kong at Block C6, 12th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. The pink form of proxy in respect of the Court Meeting and the white form of proxy in respect of the EGM may also be returned by facsimile at number (852) 2742 2006 (marked for the attention of “the Company Secretary”), not later than the respective time and date stated in the paragraph headed “Action to be taken” of the Composite Document. If the pink form of proxy for use at the court meeting is not so lodged with the Company at its principal place of business, it may still be handed to the chairman of the Court Meeting at the Court Meeting but the white form of proxy for use at the EGM must be lodged no later than 48 hours before the time of the EGM or adjourned EGM. Return of a form of proxy for the Court Meeting or the EGM will not preclude a Shareholder from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.

In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner, such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM in order to provide the Registered Owner with sufficient time

to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an investor participant, contact their broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, a CCASS participant regarding voting instructions to be given to such persons if they wish to vote in respect of the Scheme of Arrangement. The same timeframes for contacting their broker, custodian, nominee or other relevant person as set out in the previous paragraph apply to such Beneficial Owners. The procedure for voting in respect of the Scheme of Arrangement by the investor participants and other CCASS participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

3. The Court Meeting and the EGM will be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong at the times and dates specified above. Please see the notice of the Court Meeting and the notice of the EGM set out in the Composite Document for details.
4. All references in the Composite Document to times and dates are references to Hong Kong times and dates, other than references to the expected dates of the Court hearing of the petition to sanction the Scheme of Arrangement and to confirm the share capital reduction and the Court hearing of the Company’s summons for directions in respect of the share capital reduction, which are the relevant times and dates in the Cayman Islands. Cayman Islands time is 13 hours behind Hong Kong time.
5. The register of members of the Company will be closed during such period for the purpose of determining Shareholders who are qualified for entitlements under the Scheme of Arrangement. Entitlements under the Scheme of Arrangement will be based on the actual number of Shares held by the Shareholders as at the Record Time i.e. 4:00 p.m. on the Record Date.
6. The Election Form, duly completed in accordance with the instructions thereon, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with the share registrar of the Company, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong so as to reach them no later than 4:00 p.m. on 19 October 2006 or such later date and time as may be notified through press announcement, failing which the Scheme Shareholders (other than EganaGoldpfeil Group) will receive the Share Alternative in respect of their entire holding of Scheme Shares if the Scheme of Arrangement becomes effective. If you have sold or transferred all of your Shares, you should at once hand the Composite Document and the Election Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can also be obtained from the Company’s share registrar, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong at any time before 4:00 p.m. on 19 October 2006.
7. The Scheme of Arrangement shall become effective upon all the conditions set out in the paragraph headed “Conditions of the Scheme of Arrangement” in the Explanatory Memorandum set out in the Composite Document having been fulfilled or (to the extent permitted) waived (as the case may be). Registration is expected to take place on the Effective Date.
8. A cheque for the amount in respect of cash entitlements or share certificates of EganaGoldpfeil under the Scheme of Arrangement will be despatched by post within 10 days from the Effective Date.

9. Option Offer Forms, duly completed in accordance with the instructions on them, must be lodged with the Company at its principal place of business in Hong Kong at Block C6, 12th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong marked "EganaGoldpfeil Option Offer" on the envelope so as to reach them no later than 4:00 p.m. on 7 November 2006 or such later date and time as may be notified through press announcement, failing which the Optionholder will not receive any consideration.

The Shareholders, the EganaGoldpfeil Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions set out under the headings "Conditions of the Scheme of Arrangement" in the Composite Document being fulfilled or waived, as applicable, and consequently the Proposal may not become effective or may lapse. Accordingly, they are advised to exercise caution when dealing in the Shares and the EganaGoldpfeil Shares.

Optionholders are reminded that if they wish to participate in the Scheme of Arrangement they should convert any of their outstanding Options held by them by sending a notice to the Company accompanied by a remittance of the full amount of the exercise price and such notice be received by the Company no later than 4 business days prior to the Court Meeting. If no such notice is received upon expiry of such period, any unexercised Option shall lapse pursuant to terms of the Share Option Scheme provided that the Scheme of Arrangement becomes effective.

If the Scheme of Arrangement is not sanctioned by the Court and does not become effective, all unexercised Options will remain unaffected and will be exercisable during their relevant exercisable periods pursuant to the terms of the Share Option Scheme.

By order of
the board of directors of
EGANAGOLDPFEIL (HOLDINGS) LIMITED
David Wai Kwong WONG
Company Secretary

By order of
the board of directors of
EGANA JEWELLERY & PEARLS LIMITED
David Wai Kwong WONG
Company Secretary

Hong Kong, 17 August 2006

As at the date of this announcement, the board of directors of EganaGoldpfeil comprises Messrs. Hans-Joerg SEEBERGER, Peter Ka Yue LEE, Michael Richard POIX, Ho Yin CHIK and David Wai Kwong WONG as executive directors, and Professor Udo GLITTENBERG, Dr. Goetz Reiner WESTERMEYER and Mr. Andy Yick Man NG as independent non-executive directors.

The directors of EganaGoldpfeil jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those relating to the Company, have been arrived at after due and careful consideration and there are no facts, other than facts relating to the Company, not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises Messrs. Hans-Joerg SEEBERGER, Peter Ka Yue LEE, Michael Richard POIX, Ho Yin CHIK, David Wai Kwong WONG, Shunji SAEKI and Michael BOMMERS as executive directors and Messrs. Charles Cho Chiu SIN, Eduardo Tang Lung LAU, Andy Yick Man NG and Professor Zhengfu WANG as independent non-executive directors.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to EganaGoldpfeil, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those relating to EganaGoldpfeil, have been arrived at after due and careful consideration and there are no facts, other than facts relating to EganaGoldpfeil, not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.