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EGANA GOLDPFEIL

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liabilities)

(stock code: 048)

PROGRESS OF RESTRUCTURING DISCUSSIONS, POSSIBLE GENERAL OFFER IMPLICATIONS AND PROFIT WARNING

Financial advisers to EganaGoldpfeil (Holdings) Limited



This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 2 October 2007 and 29 November 2007 in relation to, among other things, drawdown of the HK\$300 million Bridging Loan and progress of the restructuring proposal made by Lifestyle.

Progress of restructuring discussions

Lifestyle has conducted a limited scope due diligence review on the Group. Negotiations between Lifestyle, the Company and the Bank Group (to which in aggregate approximately HK\$3.6 billion is owed by the Group as at 1 August 2007) have been continuing and have now reached an advanced stage. As a result of such review and negotiations, major revisions have been made to the terms and structure of the proposal made by Lifestyle as set out in the announcement of the Company dated 2 October 2007. As at the date of this announcement, a majority of the Bank Group in number and debt amount has indicated their acceptance (subject to legally binding documentation) of the principal terms of the Lifestyle Proposal which are set out in the body of this announcement. The terms of the Lifestyle Proposal, if and when finalised, will be fully disclosed in further announcements by the Company and **will be subject to the approval of Shareholders in accordance with the Listing Rules.**

On 25 January 2008, the Company entered into a supplemental agreement with the Lender, a wholly-owned subsidiary of Lifestyle, to extend the maturity date of the Bridging Loan. Pursuant to the supplemental agreement, subject to the fulfilment of certain conditions contained therein (including but not limited to the obtaining of the Shareholders' approval on the Lifestyle

Proposal), the final maturity date shall be extended to a date no later than 22 February 2008 (unless a later date is approved by the Lender in writing). It is further stipulated in the supplemental agreement that, during the extension period, the Bridging Loan shall become immediately due and payable upon the occurrence of certain events of default including but not limited to the Lifestyle Proposal not proceeding in a manner satisfactory to the Lender and the terms of the agreement in relation to the Lifestyle Proposal not having been agreed by the parties on or before 22 February 2008. The directors of the Company understand from Lifestyle that Lifestyle is prepared to extend the final maturity date of the Bridging Loan further beyond 22 February 2008 in due course, but only after taking into account all material considerations at that time including whether any material adverse changes have occurred and the progress of the Lifestyle Proposal.

Possible general offer implications

It is stated in the announcement of the Company dated 2 October 2007 that the Company has been informed by the Executive that the Executive is examining closely whether the acquisition of 434,345,736 shares held by Joint Asset, which represent approximately 29.67% of the Company's voting rights, out of the 33.15% total shareholding in the Company held by Peninsula International Limited, the holding company of Joint Asset, would trigger a general offer obligation on the part of Lifestyle under the provisions of Note 7 to Rule 26.1 of The Code on Takeovers and Mergers. This states that 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.

Profit warning

It is expected that the Group will record a net loss of a substantial amount for the period attributable to the Shareholders for the six months ended 30 November 2007.

General

At the request of the Company, trading in shares of the Company 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 the Company.

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

Progress of restructuring discussions

Reference is made to the announcements of EganaGoldpfeil (Holdings) Limited (the "Company", together with its subsidiaries the "Group") dated 2 October 2007 and 29 November 2007 in relation to, among other things, drawdown of the HK\$300 million bridging loan (the "Bridging Loan") and progress of the restructuring proposal made by Lifestyle International Holdings Limited ("Lifestyle").

The board of directors (the "Board") of the Company wishes to inform shareholders of the Company (the "Shareholders") and investors that Lifestyle has conducted a limited scope due diligence review on the

Group. Negotiations between Lifestyle, the Company and the Group's bank creditors (the "Bank Group") (to which approximately HK\$3.6 billion in aggregate is owed by the Group as at 1 August 2007) have been continuing and have now reached an advanced stage. As a result of such review and negotiations, major revisions have been made to the terms and structure of the proposal made by Lifestyle as set out in the announcement of the Company dated 2 October 2007. As at the date of this announcement, a majority of the Bank Group in number and debt amount has indicated their acceptance (subject to legally binding documentation) of the principal terms of the restructuring proposal made by Lifestyle (the "Lifestyle Proposal"). It is currently contemplated that subject to the execution of definitive legal documentation, the Lifestyle Proposal will involve, among other things, terms as follows:

- (i) Acquisition by Lifestyle of approximately 29.67% of the issued share capital of the Company from Joint Asset International Limited ("Joint Asset") for a consideration of approximately HK\$326 million and sale of certain receivables by the Group to Joint Asset at face value for the same amount of HK\$326 million along with the subscription by Lifestyle of convertible bonds of HK\$880 million to be issued by the Company where the conversion price is expected to be HK\$0.05 per share. In the event that there are difficulties in finalising the acquisition of the Company's shares from Joint Asset, Lifestyle will, instead, subscribe for new shares of the Company with subscription monies of approximately HK\$326 million, in which case none of the Group's receivables will be sold to Joint Asset;
- (ii) the Company to reduce the par value of its shares to HK\$0.01 per share;
- (iii) repayment of the Bridging Loan in full and the release of the security for that facility;
- (iv) debt restructuring agreement with the Bank Group pursuant to which the Bank Group will receive:
 - a. cash payments from the Company in the aggregate amount of approximately HK\$1,920 million in three instalments over 2 years; and
 - b. convertible bonds for an aggregate amount of HK\$80 million of debt convertible into equity representing approximately 8% of the diluted share capital of the Company; and
- (v) the Bank Group and the Company will share any recoveries, and the related costs and expenses of any claims, in relation to the delinquent debts (being doubtful receivables with uncertain recoverability) in the proportion of 80% and 20% respectively.

The terms of the Lifestyle Proposal, if and when finalised, will be fully disclosed in further announcements by the Company and **will be subject to the approval of Shareholders in accordance with the Listing Rules.**

As disclosed in the announcement of the Company dated 2 October 2007, the Company borrowed the Bridging Loan in the amount of HK\$300 million from a wholly-owned subsidiary of Lifestyle (the "Lender") for a term of four months from 24 September 2007. On 25 January 2008, the Company entered into a supplemental agreement with the Lender to extend the maturity date of the Bridging Loan. Pursuant to the supplemental agreement, subject to the fulfilment of certain conditions contained therein (including but not limited to the obtaining of the Shareholders' approval on the Lifestyle Proposal), the final maturity date shall be extended to a date no later than 22 February 2008 (unless a later date is approved by the Lender in writing). It is further stipulated in the supplemental agreement that, during the

extension period, the Bridging Loan shall become immediately due and payable upon the occurrence of certain events of default including but not limited to the Lifestyle Proposal not proceeding in a manner satisfactory to the Lender and the terms of the agreement in relation to the Lifestyle Proposal not having been agreed by the parties on or before 22 February 2008. The directors of the Company understand from Lifestyle that Lifestyle is prepared to extend the final maturity date of the Bridging Loan further beyond 22 February 2008 in due course, but only after taking into account all material considerations at that time including whether any material adverse changes have occurred and the progress of the Lifestyle Proposal.

Possible general offer implications

It is stated in the announcement of the Company dated 2 October 2007 that 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 acquisition of 434,345,736 shares held by Joint Asset, which represent approximately 29.67% of the Company’s voting rights, out of the 33.15% total shareholding in the Company held by Peninsula International Limited, the holding company of Joint Asset, would trigger a general offer obligation on the part of Lifestyle under the provisions of Note 7 to Rule 26.1 of The Code on Takeovers and Mergers. This states that 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.

Profit warning

The Board also wishes to inform Shareholders and investors that it is expected that the Group will record a net loss of a substantial amount for the period attributable to the Shareholders for the six months ended 30 November 2007. The loss is principally due to further provisions for doubtful receivables and promissory notes in the amount of approximately HK\$1 billion which have been made for the period.

As the Group’s unaudited interim results for the six months ended 30 November 2007 are yet to be finalised, the Board is not in a position to give the exact amount of loss at this stage. The unaudited interim results are expected to be released towards the end of February 2008.

General

At the request of the Company, trading in shares of the Company 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 the Company.

By order of the Board
EganaGoldpfeil (Holdings) Limited
Peter Ka Yue LEE
Deputy Chairman

Hong Kong, 29 January 2008

As at the date of this announcement, the Board comprises Messrs Peter Ka Yue LEE, 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 the Company 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.