
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EganaGoldpfeil (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, other licensed corporation or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

EGANA GOLDPFEIL

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 48)

PROPOSED CAPITAL REDUCTION

Financial adviser to EganaGoldpfeil (Holdings) Limited



A notice convening an extraordinary general meeting of EganaGoldpfeil (Holdings) Limited to be held at Meeting Room 2, 7/F, Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 28 March 2008 at 10:30 a.m. is set out on pages 9 to 10 of this circular. If you are not able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of EganaGoldpfeil (Holdings) Limited in Hong Kong at Block C, 11th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

3 March 2008

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	3
Letter from the Board	4
Notice of the extraordinary general meeting	9

DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	board of the Directors
“Capital Reduction”	proposed capital reduction which involves the par value of each Existing Share in issue being reduced from HK\$1 to HK\$0.01
“Companies Law”	Cayman Islands Companies Law (2007) Revision
“Company”	EganaGoldpfeil (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be held at 10:30 a.m. on Friday, 28 March 2008 to consider and, if thought fit, approve the special resolution in respect of the Capital Reduction
“Existing Share(s)”	existing ordinary share(s) of HK\$1 each in the capital of the Company prior to the Capital Reduction becoming effective
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	28 February 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lifestyle”	Lifestyle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company upon the Capital Reduction becoming effective

DEFINITIONS

“Share(s)”	the Existing Share(s) or, as the case may be, the New Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Capital Reduction is set out below:

2008

Latest time for lodging proxy forms for the EGM . . . 10:30 a.m. on Wednesday, 26 March

Expected time and date of the EGM 10:30 a.m. on Friday, 28 March

Expected date on which the Capital Reduction
is confirmed by the Court and a copy of the sealed Court
order confirming the Capital Reduction and the minute
containing the particulars required under the Companies Law
are filed and registered with the Registrar of
Companies in the Cayman Islands (*Note 2*) Wednesday/Thursday, 23/24 April

Notes:

- (1) All times in this timetable refer to Hong Kong time.
- (2) Registration is currently expected to take place between 9:00 a.m. and 5:00 p.m. on or about 23 April 2008 (Cayman Islands time) (equivalent to between 10:00 p.m. on 23 April 2008 and 6:00 a.m. on 24 April 2008 (Hong Kong time)). Accordingly, the registration is expected to take place on 23 April or 24 April 2008 (Hong Kong time).
- (3) Dates or deadlines specified in this circular for events in the timetable for (or otherwise in relation to) the Capital Reduction are indicative only and may be extended or varied due to additional time required for compliance with the regulatory requirements in the Cayman Islands or varied by the Company. Any change to the expected timetable for the Capital Reduction will be published as and when appropriate.

LETTER FROM THE BOARD

EGANA GOLDPFEIL

(H O L D I N G S) L I M I T E D

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 48)

Executive Directors:

Peter Ka Yue LEE (*Deputy Chairman*)
Michael Richard POIX (*Chief Executive Officer*)
Wolfgang Heinz PFEIFER
Juergen Ludwig HOLZSCHUH

Independent Non-Executive Directors:

Dr. Goetz Reiner WESTERMEYER
Professor Udo GLITTENBERG

Registered office:

P. O. Box 1787
2nd Floor
One Capital Place
George Town
Grand Cayman
Cayman Islands
British West Indies

*Principal place of business
in Hong Kong:*

Block C, 11th Floor
Hong Kong Industrial Centre
489-491 Castle Peak Road
Cheung Sha Wan
Kowloon, Hong Kong

3 March 2008

To the Shareholders

Dear Sir or Madam,

PROPOSED CAPITAL REDUCTION

INTRODUCTION

On 29 February 2008, the Board announced a proposed Capital Reduction which is subject to, among other things, the approval of the Shareholders at the EGM. The purpose of this circular is to provide you with information on the Capital Reduction and the reasons for it and to give you the notice of the EGM being convened to consider and, if thought fit, approve the Capital Reduction.

CAPITAL REDUCTION

1. Capital Reduction

Pursuant to the Capital Reduction, the issued share capital of the Company will be reduced by HK\$0.99 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that the par value of each New Share in issue will be HK\$0.01.

LETTER FROM THE BOARD

2. Reasons for the Capital Reduction

There are three reasons for effecting the Capital Reduction. In order of priority:

- (i) The Capital Reduction is necessary to ensure that the Company's share capital accurately reflects the Company's net asset position. The net assets of the Company have been substantially depleted by accumulated losses of approximately HK\$2.016 billion as at 31 May 2007 (as specified in the audited accounts of the Company for the year ended 31 May 2007), and further losses of approximately HK\$0.710 billion as specified in the Company's unaudited interim accounts for the six months ended 30 November 2007;
- (ii) The Capital Reduction will facilitate future fund raising exercises by the Company through the issuance of New Shares. Presently, the Shares have a par value of HK\$1, which means that, pursuant to the Companies Law, the minimum price at which a new Share can be issued is HK\$1. In the light of the Company's current financial condition, the Directors consider that it is not realistic for such a minimum price to be achieved, and that the Company will not be able to raise any equity funds unless the price is set at a level substantially below HK\$1 per Share. Shareholders should note that a reduction of the par value of the Shares to HK\$0.01 does not require the Company to issue New Shares at that price. The Directors will continue to endeavour to obtain the best possible issue price for the Shares in the interests of the Shareholders. The Capital Reduction will provide the Company with maximum flexibility in future fund raising exercises through new Share issues; and
- (iii) The Capital Reduction is necessary to enable the restructuring proposal (the "Restructuring Proposal") referred to in the Company's announcement dated 29 January 2008 (the "Announcement") to proceed. As stated in the Announcement, one of the terms of the Restructuring Proposal, which is subject to execution of definitive legal documentation, is that the Capital Reduction will be implemented.

The terms of the Restructuring Proposal, if and when finalized, will be fully disclosed in further announcements by the Company and will be set out in full in a circular to the Shareholders in accordance with the Listing Rules. Shareholders will have an opportunity at that time to vote on the final terms of the Restructuring Proposal as agreed with Lifestyle and the Group's financial creditors. Consequently, a vote in favour of the Capital Reduction does not bind the Shareholders to support the Restructuring Proposal, if and when announced. The Capital Reduction is being proposed at this time because, as set out in the expected timetable at the front of this circular, the necessary procedures in the Cayman Islands (where the Company is incorporated) for effecting the Capital Reduction are time consuming and likely to delay completion of the Restructuring Proposal if not initiated well in advance. A delay in completion of the Restructuring Proposal could jeopardise the continuing operations of the Group.

Further announcements in respect of the Restructuring Proposal will be made by the Company as and when appropriate in accordance with the Listing Rules.

LETTER FROM THE BOARD

3. Effects of the Capital Reduction

As at the Latest Practicable Date, the authorised share capital of the Company amounted to HK\$2,000,000,000 divided into 2,000,000,000 Existing Shares, of which 1,464,001,524 Existing Shares had been allotted and issued as fully paid.

In order to effect the Capital Reduction, the Company will need to apply its accumulated losses to offset:

- (i) firstly, the credit balance of the share premium account which currently amounts to approximately HK\$0.815 billion; and
- (ii) secondly, an amount of HK\$1,449,361,508.76 of the Company's existing share capital.

Immediately upon the Capital Reduction taking effect, and on the basis that the Company does not allot or issue any further Existing Shares prior thereto, the authorised share capital of the Company shall be HK\$20,000,000 comprising 2,000,000,000 New Shares. The Company's issued share capital shall be HK\$14,640,015.24 comprising 1,464,001,524 New Shares, each with a par value of HK\$0.01.

4. Status of the New Shares

The New Shares will rank *pari passu* in all respects with each other and the Capital Reduction will not result in any change in the relative rights of the Shareholders. As at the Latest Practicable Date, no part of the share capital of the Company was listed or dealt in on any other stock exchange or on which listing or permission to deal was being or was proposed to be sought.

5. Conditions of the Capital Reduction

The implementation of the Capital Reduction and the listing of the New Shares are conditional upon:

- (i) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction;
- (ii) an order being made by the Court approving the Capital Reduction, and the registration by the Registrar of Companies in the Cayman Islands of a copy of the sealed Court order and the minute containing the particulars required under the Companies Law;
- (iii) compliance with any conditions which the Court may impose; and
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares.

LETTER FROM THE BOARD

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Upon the conditions mentioned above being fulfilled, the Capital Reduction and the listing of the New Shares will become effective. A further announcement will be made by the Company to inform the Shareholders of the arrangements for the free exchange of the New Share certificates for the Existing Share certificates.

EGM

A notice of the EGM to be held at Meeting Room 2, 7/F, Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 28 March 2008 at 10:30 a.m. is set out on pages 9 to 10 of this circular for the purpose to consider and, if thought fit, to approve the Capital Reduction.

There is a form of proxy for use at the EGM accompanying this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at Block C, 11th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PROCEDURE AND RIGHT FOR DEMANDING A POLL

Pursuant to article 63(A) of the articles of association of the Company (as amended), a resolution put to the vote at a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or a poll is duly demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. Subject to the provisions of the Companies Law, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in aggregate equal not less than one-tenth of the total sum paid up on all shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed Capital Reduction is in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable. Accordingly, the Directors recommend the Shareholders to vote in favour of the special resolution to be proposed at the EGM to approve the Capital Reduction.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of the board of
EganaGoldpfeil (Holdings) Limited
Peter Ka Yue LEE
Deputy Chairman

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

EGANA GOLDPFEIL

(H O L D I N G S) L I M I T E D

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 48)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of EganaGoldpfeil (Holdings) Limited (the “Company”) will be held at Meeting Room 2, 7/F, Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 28 March 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

THAT:

- (A) The par value of each existing share in issue be reduced from HK\$1.00 per share to HK\$0.01 per share, with the objective of ensuring that the Company’s share capital accurately reflects its net asset position and facilitating future fund raising exercises by the Company and proposed restructuring;
- (B) The Articles of Association of the Company (as amended) be amended so as to provide that the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each; and
- (C) The Memorandum of Association of the Company (as amended) be amended so as to provide that the capital of the Company is HK\$20,000,000 divided into 2,000,000,000 shares with a nominal or par value of HK\$0.01 each.

On behalf of the Board
EganaGoldpfeil (Holdings) Limited
Peter Ka Yue LEE
Deputy Chairman

Hong Kong, 3 March 2008

Principal place of business in Hong Kong:
Block C, 11th Floor
Hong Kong Industrial Centre
489-491 Castle Peak Road
Cheung Sha Wan
Kowloon, Hong Kong

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll vote on his behalf and such proxy need not be a member of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A form of proxy for use at the meeting is enclosed.
- (2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's principal place of business in Hong Kong at Block C, 11th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.