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**LIFESTYLE INTERNATIONAL
HOLDINGS LIMITED**
利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

EGANA GOLDPFEIL

(HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liabilities)

(Stock Code: 48)

JOINT ANNOUNCEMENT

- (1) VERY SUBSTANTIAL ACQUISITION;**
- (2) APPLICATION FOR THE
WHITEWASH WAIVER; AND**
- (3) RESUMPTION OF TRADING**

**Financial adviser to
Lifestyle International Holdings Limited**



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

- (1) DEBT RESTRUCTURING; AND**
- (2) ISSUE NEW SHARES AND
CONVERTIBLE BONDS**

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



SOMERLEY LIMITED

**Independent financial adviser to
EganaGoldpfeil (Holdings) Limited**

**Access
Capital**

Access Capital Limited

Reference is made to the announcements of Lifestyle and Egana dated 2 October 2007, 29 November 2007 (by Egana only), 29 January 2008, 25 February 2008, 29 February 2008 (by Egana only), 25 March 2008, 28 March 2008 (by Egana only), 31 March 2008, 21 April 2008, 7 May 2008 and 2 June 2008 in relation to, among other things, the drawdown and extension of the HK\$300 million Bridging Loan, the Capital Reduction and progress of the Restructuring Proposal.

The Lifestyle Board and the Egana Board are pleased to announce that Lifestyle, Egana and the Participating Creditors have finalised the terms of the Restructuring Proposal and entered into a conditional Debt Restructuring Agreement with effect from 26 May 2008 providing for the following:

- (a) three cash re-payments from the Debtors to the Participating Creditors and the Fully Secured Creditors in the aggregate amount of HK\$1,920.0 million, each instalment being in the amount of HK\$640.0 million with the first instalment to be paid to the Participating Creditors 14 days after the Effective Date and the last instalment being due 10 days after the second anniversary of Effective Date. The first instalment is to be used to pay off all of the debt owed to the Fully Secured Creditors and the remainder of such instalment and the second and third instalments are to be applied to pay the debts owing to the Participating Creditors;
- (b) the issue to the Participating Creditors at the Effective Date of HK\$80.0 million zero coupon guaranteed convertible bonds due 2010, exchangeable at their option into Egana Shares at the initial Conversion Price of HK\$0.05 each, pursuant to the Participating Creditors' CB Subscription Agreement (which has been approved by the parties thereto), and a trust deed and paying and conversion agency agreement to be finalised and signed;
- (c) an 80% share of the net recoveries of the Delinquent Debts (being doubtful receivables with potential but uncertain recoverability) to be paid to the Participating Creditors as and when the same are recovered with the remaining 20% being retained by the Egana Group, pursuant to the Delinquent Debts Agreement (which is to be finalised and signed);
- (d) the waiver on the Effective Date, by the Participating Creditors of the difference between the Participating Creditors' Debt and the aggregate sum of the three instalments of the Participating Creditors' Restructured Debt and the face amount of the Participating Creditors' Convertible Bonds as described above;
- (e) the agreement, as of the date of the Debt Restructuring Agreement by the Participating Creditors to a standstill arrangement in respect of any claims they may have against the Egana Group;
- (f) the provision as at the Effective Date of new joint and several guarantees from the New Guarantors in favour of the Participating Creditors as security for the payment of certain amounts under the Debt Restructuring Agreement and under the existing loan documents between the Debtors and the Participating Creditors and of amounts owing under the Participating Creditors' Convertible Bonds pursuant to the Participating Creditors' Restructured Debt Guarantee and the Participating Creditors' Convertible Bonds Guarantee respectively (which are to be finalised and signed), with the material terms of the New Guarantees including provisions to the effect that:
 - (i) the amount which can be claimed under the New Guarantees is limited to an amount equal to the outstanding Participating Creditors' Restructured Debt (as reduced from time); and
 - (ii) all payments by the New Guarantors under the New Guarantees are subordinated to existing claims by the Participating Creditors under their existing loan documentation;

- (g) the issue (1) by Egana to Lifestyle's subsidiary, the Equity Subscriber, of 4,342,642,652 new Egana Shares at the subscription price of HK\$0.05 each for a total subscription price of HK\$217,132,132.6; and (2) by the Issuer to Lifestyle's subsidiary, the Bond Subscriber, of HK\$988,867,867 zero coupon guaranteed convertible bonds due 2010, exchangeable at its option into Egana Shares at the initial Conversion Price of HK\$0.05 each, pursuant to the Subscription Agreement for both the Subscription Shares and the Lifestyle Convertible Bonds (which is in agreed form as initialled but not yet signed by the parties thereto) and an instrument for the Lifestyle Convertible Bonds (which is to be finalised and signed). The total consideration, amounting to approximately HK\$1,206 million, was determined after arm's length negotiations and is to be satisfied net of the Bridging Loan by Lifestyle by way of internal resources and external financings;
- (h) the provision as of the date of issue of the Lifestyle Convertible Bonds of new joint and several guarantees from the New Guarantors in favour of the Bond Subscriber as security for payment of amounts owing under the Lifestyle Convertible Bonds pursuant to a guarantee agreement (which is to be finalised and signed);
- (i) the subordination of the rights of Lifestyle and the Bond Subscriber which they may have respectively against any member of the Egana Group under the Lifestyle Convertible Bonds or otherwise to the rights of the Participating Creditors in respect of any amounts owing to them by the Egana Group under the Debt Restructuring Agreement, the Participating Creditors' Convertible Bonds and other restructuring documents; and
- (j) as of the date of issue of the Lifestyle Convertible Bonds, repayment of the Bridging Loan in full and release of the security for that facility.

The Debt Restructuring Agreement was signed by Lifestyle on 13 June 2008 and would be effective from 26 May 2008. It is currently anticipated that all of the remaining documents referred to above, including the Subscription Agreement, the Participating Creditors' CB Subscription Agreement and the Delinquent Debts Agreement, will be signed by the relevant parties before the Egana EGM which is currently anticipated to be convened around mid July 2008, although it may be necessary to defer signing of the Subscription Agreement to ensure that the waiver referred to in (d) above occurs before the transactions referred to in (g) above.

Details of the Restructuring Proposal involving the Debt Restructuring Agreement, the Subscription Agreement and the Participating Creditors' CB Subscription Agreement are set out in the body of this announcement.

Immediately upon the issue of the Subscription Shares but before accounting for the Conversion Shares, and assuming that there have been no other changes in the issued share capital of Egana since the date of this announcement, Lifestyle and its Concert Parties will be interested in an aggregate of approximately 74.8% of the enlarged issued share capital of Egana. Accordingly, Lifestyle and its Concert Parties will be required to make an unconditional mandatory general offer for all the securities of Egana (other than those already owned or agreed to be acquired by Lifestyle and its Concert Parties). Lifestyle will apply to the Executive for the Whitewash Waiver.

The Subscription constitutes a very substantial acquisition for Lifestyle under the Listing Rules and is subject to the approval by the Lifestyle Shareholders at the Lifestyle EGM. As no Lifestyle Shareholder or its associates have a material interest in the Restructuring Proposal which are different from other Lifestyle Shareholders, no Lifestyle Shareholder is required to abstain from voting on the resolution to be proposed at the Lifestyle EGM regarding the Subscription. It is the intention of Real Reward, being Lifestyle's controlling shareholder holding an aggregate of approximately 63.28% interest in the issued share capital of Lifestyle as at the date of this announcement, to vote in favour of the resolution approving the Subscription at the Lifestyle EGM.

A circular containing, among other things, details of the Subscription, the financial information of the Lifestyle Group and the Egana Group and a notice of the Lifestyle EGM will be despatched to the Lifestyle Shareholders as soon as practicable.

At the request of Lifestyle, trading in the Lifestyle Shares on the Stock Exchange has been suspended from 9:33 a.m. on 13 June 2008 pending the release of this announcement. An application has been made by Lifestyle to the Stock Exchange for the resumption of trading in the Lifestyle Shares from 9:30 a.m. on 16 June 2008. **Shareholders and investors of Lifestyle are advised to exercise caution when dealing in securities of Lifestyle.**

The Restructuring Proposal (including the Whitewash Waiver) is subject to the approval by the Independent Egana Shareholders by poll at the Egana EGM. Any Egana Shareholders, including creditors of Egana who have a material interest in the Restructuring Proposal will be required to abstain from voting at the Egana EGM. At this stage the shareholdings of creditors of Egana have not been ascertained, and any such shareholdings will be fully disclosed in the circular. If there are any creditors who are also Egana Shareholders, Egana will have regard to Note 5 of Rule 25 of the Takeovers Code and will seek the consent of the Executive and the approval of the Independent Egana Shareholders for the use of funds from the Restructuring Proposal to repay, in whole or in part, loans to such creditors who are also Egana Shareholders. An independent board committee of Egana has been established to consider the Restructuring Proposal and the Whitewash Waiver and to give recommendation to the Independent Egana Shareholders. Access Capital Limited, the independent financial adviser, has been appointed to advise the independent board committee of Egana and the Independent Egana Shareholders in this regard. Such appointment has been approved by the independent board committee of Egana.

The circular containing, among other things, details on the Restructuring Proposal, financial information relating to the effects of the Restructuring Proposal, the Whitewash Waiver, the recommendation of the independent board committee, the advice of the independent financial adviser and a notice of the Egana EGM will be despatched to Egana Shareholders as soon as practicable in accordance with the provisions under the Takeovers Code and the Listing Rules.

At the request of Egana, trading in the Egana Shares was suspended with effect from 9:30 a.m. on 12 September 2007. In a letter dated 2 January 2008 from the Stock Exchange to Egana, it was informed of the requirements of the Stock Exchange in relation to the application for resumption of trading in the Egana Shares. Egana has made a submission on 23 May 2008 to the Stock Exchange and is now taking steps to comply with the requirements. Egana has to address to the satisfaction of the Stock Exchange the issues relating to, among other things, (a) the reasons for the past irregular transactions of Egana and the impacts on Egana's operations and financial position; (b) that Egana has adequate and effective internal control; and (c) that the Egana Group will have sufficient working

capital for its operation and to fulfil its financial obligations for at least 12 months from the expected date of resumption of trading in the Egana Shares. Egana is expected to demonstrate to the Stock Exchange that the above issues are satisfactorily addressed. **The release of this announcement does not indicate that the resumption of trading in the Egana Shares has been or will be approved by the Stock Exchange.** Trading in the Egana Shares will remain suspended until further notice. **Shareholders and investors of Egana are advised to exercise caution when dealing in securities of Egana.**

The release of this announcement does not indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Debt Restructuring Agreement, the Subscription Agreement, the Participating Creditors' CB Subscription Agreement and the Delinquent Debts Agreement may or may not be fulfilled or otherwise waived.

BACKGROUND

Reference is made to the announcements of Lifestyle and Egana dated 2 October 2007, 29 November 2007 (by Egana only), 29 January 2008, 25 February 2008, 29 February 2008 (by Egana only), 25 March 2008, 28 March 2008 (by Egana only), 31 March 2008, 21 April 2008, 7 May 2008 and 2 June 2008 in relation to, among other things, the drawdown and extension of the HK\$300 million Bridging Loan, the Capital Reduction and progress of the Restructuring Proposal. It was disclosed in the announcement of Egana dated 29 January 2008 that it was intended that Lifestyle's proposed investment of approximately HK\$1.2 billion into Egana was to be effected through a combination of: (a) the subscription by Lifestyle for convertible bonds to be issued by Egana at a conversion price of HK\$0.05 per share; and (b) either the acquisition by Lifestyle of Egana Shares from Joint Asset with the consideration paid to Joint Asset for such shares then being used by Joint Asset to acquire a portfolio of accounts receivable from the Egana Group, or in the event that there were difficulties in finalising the acquisition of Egana Shares from Joint Asset, through Lifestyle subscribing for new Egana Shares. Following discussions and negotiations between the parties, it was felt that the most appropriate and effective method for Lifestyle to invest in Egana was by subscribing for a combination of convertible bonds and for new Egana Shares. Consequently, the acquisition of Egana Shares from Joint Asset and the sale of a portfolio of accounts receivable by the Egana Group to Joint Asset is no longer being progressed under the proposed restructuring.

The Lifestyle Board and the Egana Board are pleased to announce that Lifestyle, Egana and the Participating Creditors have finalised the terms of the Restructuring Proposal and entered into a conditional Debt Restructuring Agreement with effect from 26 May 2008 providing for the following:

- (a) three cash re-payments from the Debtors to the Participating Creditors and the Fully Secured Creditors in the aggregate amount of HK\$1,920.0 million, each instalment being in the amount of HK\$640.0 million with the first instalment to be paid to the Participating Creditors 14 days after the Effective Date and the last instalment being due 10 days after the second anniversary of Effective Date. The first instalment is to be used to pay off all of the debt owed to the Fully Secured Creditors and the remainder of such instalment and the second and third instalments are to be applied to pay the debts owing to the Participating Creditors;

- (b) the issue to the Participating Creditors at the Effective Date of HK\$80.0 million zero coupon guaranteed convertible bonds due 2010, exchangeable at their option into Egana Shares at the initial Conversion Price of HK\$0.05 each, pursuant to the Participating Creditors' CB Subscription Agreement (which has been approved by the parties thereto), and a trust deed and paying and conversion agency agreement to be finalised and signed;
- (c) an 80% share of the net recoveries of the Delinquent Debts (being doubtful receivables with potential but uncertain recoverability) to be paid to the Participating Creditors as and when the same are recovered with the remaining 20% being retained by the Egana Group, pursuant to the Delinquent Debts Agreement (which is to be finalised and signed);
- (d) the waiver on the Effective Date, by the Participating Creditors of the difference between the Participating Creditors' Debt and the aggregate sum of the three instalments of the Participating Creditors' Restructured Debt and the face amount of the Participating Creditors' Convertible Bonds as described above;
- (e) the agreement, as of the date of the Debt Restructuring Agreement by the Participating Creditors to a standstill arrangement in respect of any claims they may have against the Egana Group;
- (f) the provision as at the Effective Date of new joint and several guarantees from the New Guarantors in favour of the Participating Creditors as security for the payment of certain amounts under the Debt Restructuring Agreement and under the existing loan documents between the Debtors and the Participating Creditors and of amounts owing under the Participating Creditors' Convertible Bonds pursuant to the Participating Creditors' Restructured Debt Guarantee and the Participating Creditors' Convertible Bonds Guarantee respectively (which are to be finalised and signed), with the material terms of the New Guarantees including provisions to the effect that:
 - (i) the amount which can be claimed under the New Guarantees is limited to an amount equal to the outstanding Participating Creditors' Restructured Debt (as reduced from time); and
 - (ii) all payments by the New Guarantors under the New Guarantees are subordinated to existing claims by the Participating Creditors under their existing loan documentation.
- (g) the issue (1) by Egana to Lifestyle's subsidiary, the Equity Subscriber, of 4,342,642,652 new Egana Shares at the subscription price of HK\$0.05 each for a total subscription price of HK\$217,132,132.6; and (2) by the Issuer to Lifestyle's subsidiary, the Bond Subscriber, of HK\$988,867,867 zero coupon guaranteed convertible bonds due 2010, exchangeable at its option into the Egana Shares at the initial Conversion Price of HK\$0.05 each, pursuant to the Subscription Agreement for both the Subscription Shares and the Lifestyle Convertible Bonds (which is in agreed form as initialled but not yet signed by the parties thereto) and an instrument for the Lifestyle Convertible Bonds (which is to be finalised and signed). The total consideration, amounting to approximately HK\$1,206 million, was determined after arm's length negotiations and is to be satisfied net of the Bridging Loan by Lifestyle by way of internal resources and external financings;
- (h) the provision as of the date of issue of the Lifestyle Convertible Bonds of new joint and several guarantees from the New Guarantors in favour of the Bond Subscriber as security for payment of amounts owing under the Lifestyle Convertible Bonds pursuant to a guarantee agreement (which is to be finalised and signed);

- (i) the subordination of the rights of Lifestyle and the Bond Subscriber which they may have respectively against any member of the Egana Group under the Lifestyle Convertible Bonds or otherwise to the rights of the Participating Creditors in respect of any amounts owing to them by the Egana Group under the Debt Restructuring Agreement, the Participating Creditors' Convertible Bonds and other restructuring documents; and
- (j) as of the date of issue of the Lifestyle Convertible Bonds, repayment of the Bridging Loan in full and release of the security for that facility.

As at the Cut-Off Date, the Egana Group owed the Participating Creditors and the Non-Participating Creditors an aggregate net indebtedness of approximately HK\$3.73 billion, of which HK\$3.58 billion was owed to the Participating Creditors, and HK\$152.9 million was owed to Non-Participating Creditors. Out of the total net indebtedness of approximately HK\$152.9 million owed to the Non-Participating Creditors, approximately HK\$104.7 million was fully secured and owed to the Fully Secured Creditors. Pursuant to the Debt Restructuring Agreement, the first instalment of HK\$640.0 million shall be applied firstly to settle the entire amount due to the Fully Secured Creditors (and then the remainder of such instalment to repay amounts owing to the Participating Creditors) within 14 days of the Effective Date. It is intended that the Egana Group's relationship with the Non-Participating Creditors (other than the Fully Secured Creditors) will continue following completion of the Restructuring Proposal on the terms and conditions of the existing agreements/arrangements. The Non-Participating Creditors (other than the Fully Secured Creditors) will not be repaid out of the proceeds of the Restructuring Proposal. The receipt of written confirmation from each Non-Participating Creditor (other than the Fully Secured Creditors) that it will standstill for the restructuring period is one of the conditions precedent to completion of the Debt Restructuring Agreement.

The Debt Restructuring Agreement was signed by Lifestyle on 13 June 2008 and would be effective from 26 May 2008. It is currently anticipated that all of the remaining documents referred to above, including the Subscription Agreement, the Participating Creditors' CB Subscription Agreement and the Delinquent Debts Agreement, will be signed by the relevant parties before the Egana EGM which is currently anticipated to be convened around mid July 2008, although it may be necessary to defer signing of the Subscription Agreement to ensure that the waiver referred to in (d) above occurs before the transactions referred to in (g) above. In the event that there are any material variations of the terms contained in any of the Debt Restructuring Agreement and the Subscription Agreement, Lifestyle and/or Egana will make further announcement in this regard.

The Capital Reduction was approved by the Egana Shareholders on 28 March 2008. Egana has made the relevant application to the Cayman Islands Court for an order effecting the Capital Reduction. The summons for directions in the application for the Capital Reduction was held on 9 May 2008 and the Cayman Islands Court made an order dispensing with the setting of a list of Egana creditors and with the need for advertisement of the petitioner. The petition was heard on 6 June 2008 whereupon the Cayman Islands Court approved the Capital Reduction. Egana is now in the process of completing registration formalities following which the Capital Reduction shall take effect. In due course, Egana will apply to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Egana New Shares.

Details of the Restructuring Proposal involving the Debt Restructuring Agreement, the Subscription Agreement and the Participating Creditors' CB Subscription Agreement are described below.

DEBT RESTRUCTURING AGREEMENT

Set out below are the principal terms of the Debt Restructuring Agreement:

Parties

- (a) Egana on its own behalf and on behalf of the other Debtors named in the Debt Restructuring Agreement;
- (b) the Participating Creditors;
- (c) CITIC Ka Wah Bank Limited (as Asian Coordinator, security agent and paying agent for the Participating Creditors and trustee for the holders of the Participating Creditors' Convertible Bonds);
- (d) Dresdner Bank AG (as European Coordinator for the Participating Creditors); and
- (e) Lifestyle (as investor).

To the best of the knowledge, information and belief of the Lifestyle Directors and after making all reasonable enquiries, and save to the extent that the Bridging Loan has been extended by Lifestyle to Egana and security taken by Lifestyle in respect of the same, Egana, the other Debtors, the Participating Creditors, CITIC Ka Wah Bank Limited, Dresdner Bank AG and their respective ultimate beneficial owners are third parties independent of Lifestyle and its connected persons.

Save to the extent that the Bridging Loan provided by Lifestyle to Egana with pledged security, to the best of the knowledge, information and belief of the Egana Directors and after making all reasonable enquiries, Lifestyle, the Participating Creditors, CITIC Ka Wah Bank Limited, Dresdner Bank AG and their respective ultimate beneficial owners are third parties independent of Egana and its connected persons.

Participating Creditors' Restructured Debt

With effect from the Effective Date, the Participating Creditors shall only be entitled to receive (i) the Participating Creditors' Restructured Debt (being an amount equal to the aggregate of HK\$1,920.0 million and the interest payable thereon less the amount payable to the Fully Secured Creditors as contemplated under the Debt Restructuring Agreement); (ii) the Participating Creditors' Convertible Bonds; and (iii) certain amounts recovered under the Delinquent Debts Agreement as described above as well as certain fees, costs and expenses and such sums as are owed under other restructuring documents. The Participating Creditors will waive all other rights against the Egana Group under the documentation evidencing the Participating Creditors' Debt, except that the Egana Group shall be liable to pay such additional amounts as detailed below upon early termination. The New Guarantees from the New Guarantors are required as security for the payment of certain amounts owing under the Debt Restructuring Agreement and under the existing loan documents between the Debtors and the Participating Creditors and for payment of all amounts owing to the Participating Creditors under the Participating Creditors' Convertible Bonds.

It is a term of the Debt Restructuring Agreement that, notwithstanding the Debt Restructuring Agreement having been signed and becoming effective, at any time following early termination as detailed in the paragraph headed “Termination” below, each Participating Creditor may claim from the Debtors amounts equivalent to all amounts which would have been owing to that Participating Creditor under the original loan documentation evidencing that Participating Creditors’ Debt had the restructuring documents not been entered into less the aggregate amount received by it under the Restructuring Proposal which includes (a) the aggregate amount of instalment and interest payment received by that Participating Creditor under the Debt Restructuring Agreement; (b) the amount of that Participating Creditor’s Debt which was used to subscribe for the Participating Creditors’ Convertible Bonds allocated to that Participating Creditor; (c) the recovery amount of the Delinquent Debts which has been received by that Participating Creditor at the early termination date; and (d) (as at the time of receipt of such amounts by that Participating Creditor) any further amounts received by that Participating Creditor in respect of any Delinquent Debts following the early termination date.

Repayment of the Participating Creditors’ Restructured Debt

The principal of the Participating Creditors’ Restructured Debt shall be settled in three instalments as follows:

- (a) HK\$640.0 million shall be paid to the paying agent for the Participating Creditors on or immediately after the Effective Date for distribution to the Fully Secured Creditors and the Participating Creditors on the date falling 14 days after the Effective Date;
- (b) HK\$640.0 million shall be paid to the paying agent within 10 days of the first anniversary of the Effective Date for distribution to the Participating Creditors; and
- (c) HK\$640.0 million shall be paid to the paying agent within 10 days of the second anniversary of the Effective Date for distribution to the Participating Creditors.

The Debtors may prepay all or part of the Participating Creditors’ Restructured Debt in accordance with the terms of the Debt Restructuring Agreement without penalty.

If any Debtor disposes of any part of its present and future business, undertaking, property, assets, revenues, uncalled capital and rights of every description valued at not less than HK\$50,000,000 as specified in the latest published accounts of Egana but adjusted (where appropriate) in accordance with any more recent valuation of the same, then such cash proceeds must be applied in or towards mandatory prepayment of the Participating Creditors’ Restructured Debt unless the Restructuring Opinion or the Restructuring Plan contemplates Egana may do otherwise.

Interest

All outstanding interest due to the Participating Creditors up to the expiration of 9 months from the earlier of the Effective Date and the date falling 3 months after the date of the Debt Restructuring Agreement will be waived. Subsequently, interest will be payable quarterly at HIBOR for the applicable interest period plus 0.7%.

Conditions precedent to the Debt Restructuring Agreement

The obligations of the parties to the Debt Restructuring Agreement (other than obligations relating to the Participating Creditors' standstill, the payment of expenses and disclosure of information and confidentiality obligations) shall only arise when the Coordinators shall have received (or waived) each of the following in form and substance satisfactory to them within 4 months after the date of the Debt Restructuring Agreement or such later date as may be agreed among Lifestyle, Egana and the Coordinators:

- (a) in relation to Egana, certified true copies of:
 - (i) its certificate of incorporation (and any relative certificate of incorporation on change of name) and memorandum and articles of association;
 - (ii) a certificate of good standing issued by the Cayman Islands registrar;
 - (iii) a director's certificate signed by one of its directors in a form satisfactory to the Cayman Islands counsel;
 - (iv) a list of its directors;
 - (v) the resolutions passed by the Egana Directors and, (to the extent required by law or Egana's constitutional documents) Egana Shareholders approving and authorising, inter alia, a person or persons to execute the Debt Restructuring Agreement and the other restructuring documents to which it is a party and any other notices or documents required in connection therewith, and the specimen signatures of such persons;
- (b) in relation to each of the Debtors and the New Guarantors, certified true copies of :
 - (i) (if applicable) its certificate of incorporation (and any relative certificate of incorporation on change of name) or, with regard to those organised under the laws of Germany, a copy of an excerpt of the relevant commercial register;
 - (ii) its memorandum and articles of association or equivalent constitutional documents;
 - (iii) the resolutions passed by the directors and, (to the extent required by law or its constitutional documents) its shareholders approving and authorising, inter alia, a person or persons to execute the Debt Restructuring Agreement and the other restructuring documents to which it is a party and any other notices or documents required in connection therewith, and the specimen signatures of such persons;
- (c) the restructuring documents duly executed by the parties thereto;
- (d) written confirmation from each Non-Participating Creditor (except the Fully Secured Creditors) in a form acceptable to the Coordinators that it will standstill for the restructuring period;
- (e) the letter of comfort duly executed by Lifestyle to evidence its in principle support of the Egana Group so as to enable the Egana Group to turn around its business and finances, and be able to meet its obligations from time to time;

- (f) the fee letters relating mainly to the fees of the Coordinators, security agent and paying agent, duly countersigned by Egana together with all fees due and payable thereunder as at the date of the Debt Restructuring Agreement;
- (g) evidence that the par value of Egana Shares has been reduced to HK\$0.01 per share;
- (h) evidence that the Lifestyle Convertible Bonds have been issued and the first payment of HK\$640 million has been received by the paying agent;
- (i) evidence that the Participating Creditors' Convertible Bonds have been issued;
- (j) evidence that the Bridging Loan has been, or on the Effective Date will be, repaid and that all security provided to Billion Empire Limited by any member of the Egana Group has been duly released;
- (k) a subordination agreement entered into between Lifestyle and the security agent in the agreed form, subordinating all rights which Lifestyle may have against any member of the Egana Group under the Lifestyle Convertible Bonds or otherwise to the rights of the Participating Creditors under the Restructuring Proposal;
- (l) evidence that all authorisations have been obtained and that all necessary filings, registrations and other formalities have been or will be completed in order to ensure that the restructuring documents are valid and enforceable and to preserve the security agent's priority under any restructuring document to which it is a party;
- (m) written confirmation of acceptance of appointment of process agents from each agent for service of process named in each restructuring document;
- (n) evidence that all fees, costs and expenses due and payable under the Debt Restructuring Agreement have been duly paid;
- (o) a certified true copy of the Restructuring Plan in form and substance satisfactory to the Coordinators acting on the instructions of the Participating Creditors (acting reasonably);
- (p) the Restructuring Opinion issued by KPMG in form and substance satisfactory to the Coordinators acting on the instructions of the Participating Creditors (acting reasonably);
- (q) legal opinions from counsel to the Coordinators in the Cayman Islands, Hong Kong and other relevant jurisdictions respectively confirming, inter alia, that the Debt Restructuring Agreement and the New Guarantees are legal, valid, binding and enforceable in respect of the obligations of Egana, the Debtors and the New Guarantors respectively;
- (r) a legal opinion in the agreed form from counsel to Egana in England confirming that the Participating Creditors' Convertible Bonds are legal, valid, binding and enforceable in accordance with their terms;

- (s) any documentation (including novation agreements executed by the relevant original Debtor agreeing and acknowledging that it will continue to honour its obligations under existing loan documents or existing security documents in the event of an early termination of the Debt Restructuring Agreement to the relevant Participating Creditor) which may be reasonably required; and
- (t) written evidence that (1) the competent tax authorities in Germany (both federal and municipal) have irrevocably waived or irrevocably committed themselves to waive any claims to taxes which may otherwise be levied in Germany on a gain of the German companies of the Egana Group resulting from a waiver of the Participating Creditors' Debt, interest or any other amount pursuant to the Debt Restructuring Agreement provided always that no conditions are imposed for the grant of such waiver which are, in the opinion of Lifestyle, either unreasonable conditions or conditions which would impose an unduly onerous burden on the relevant German companies, their non-German holding companies or Lifestyle and (2) the Inland Revenue Department of Hong Kong has issued an advance tax ruling under the Inland Revenue Ordinance (Cap. 112) to the effect that no member of the Egana Group shall be liable to tax under such Ordinance in respect of any waiver of the Participating Creditors' Debt, interest or any other amount pursuant to the Debt Restructuring Agreement.

In the event that all of the conditions above have not been satisfied or waived (as the case may be) on or before the date falling 4 months after the date of the Debt Restructuring Agreement or such later date as may be agreed among Lifestyle, Egana and the Coordinators (acting on the instructions of the Participating Creditors holding at least 75% of the Participating Creditors' Restructured Debt), the Debt Restructuring Agreement (with the exception of certain clauses) and such of the other restructuring documents as may then have been executed and delivered, shall cease to have any further force or effect and the security agent shall promptly release and discharge any security created in relation thereto. All Participating Creditors' Debt shall become immediately repayable on demand subject to and in accordance with the terms and conditions of the relevant documents evidencing the Participating Creditors' Debt and the existing security.

Termination

An early termination event under the Debt Restructuring Agreement will occur if any of the following events and circumstances occurs:

- (a) any amount payable under any restructuring document is not paid to the paying agent when due or otherwise in accordance with the provisions thereof;
- (b) Egana fails duly and punctually to perform or comply with any of its obligations or undertakings under any restructuring document (which is not a failure to pay money) to which it is a party;
- (c) any representation or warranty made or repeated by Egana in any restructuring document is incorrect or misleading in any material respect when made;
- (d) Egana defaults or receives notice of default under any agreement or obligation relating to borrowing or any indebtedness of Egana becomes payable or capable of being declared payable before its stated maturity or is not paid when due and in each case exceeding an amount of HK\$15 million, or any encumbrance, guarantee or other security at the date of the Debt Restructuring Agreement or thereafter created by Egana becomes enforceable for an underlying debt in each case exceeding an amount of HK\$15 million (excluding existing events of default under its existing loan documents);

- (e) any of the authorisations referred to in the Debt Restructuring Agreement is not granted or ceases to be in full force and effect or is modified in a manner which, in the reasonable opinion of the Coordinators, will have a material adverse effect, or if any law, regulation, judgment or order (or the repeal or modification of any of the foregoing) suspends, varies, terminates or excuses performance by Egana of any of its material obligations under any restructuring document or purports to do any of the same;
- (f) with the exception of any judgment or arbitration award which is granted in relation to any disclosed litigation, any final non-appealable judgment or an arbitration award in any amount exceeding HK\$15 million is rendered against Egana;
- (g) a creditor takes possession of all or any part of the business or assets of Egana with a value in excess of HK\$15 million or any execution or other legal process is enforced against any such business or any such assets of Egana;
- (h) any insolvency proceedings are instituted by or against Egana;
- (i) except in connection with the restructuring contemplated under the Debt Restructuring Agreement, Egana stops or suspends payments to its creditors generally or is unable or admits its inability to pay its debts as they fall due or seeks to enter into any composition or other arrangement with its creditors or is declared or becomes bankrupt or insolvent;
- (j) any event occurs which in the reasonable opinion of the Coordinators appears to have an effect analogous to the matters set out in paragraphs (g), (h) or (i) above in any relevant jurisdiction;
- (k) save for the discontinuation or disposal of businesses and/or assets of the Egana Group contemplated under the Restructuring Opinion or the Restructuring Plan, Egana ceases or threatens to cease to carry on its business or any substantial part thereof or changes or threatens to change (in any material respect) the nature or scope of its business or Egana disposes of or threatens to dispose of or any governmental or other authority expropriates or threatens to expropriate all or any substantial part of its business or assets;
- (l) any event which has an effect equivalent or similar to any of the events described in any of the above paragraphs occurs, mutatis mutandis, in relation to any Debtor, any New Guarantor or the Issuer;
- (m) any restructuring document or any material provision thereof ceases for any reason to be in full force and effect or is terminated or jeopardised or becomes invalid or unenforceable or if there is any dispute regarding the same or if there is any purported termination or repudiation of the same or it becomes impossible or unlawful for any member of the Egana Group or any other party thereto to perform any of its obligations thereunder or for any Participating Creditor to exercise all or any of its rights, powers and remedies thereunder or any undertaking is not enforceable as such and Egana fails to do, or fails to refrain from doing, the activity which it purported to undertake to do or, as the case may be, not to do;
- (n) any situation occurs which the majority Participating Creditors reasonably believe has or will have a material adverse effect on the Egana Group or the validity or enforceability of any restructuring document or the rights or remedies of any Participating Creditor under the Restructuring Documents; and

- (o) Lifestyle fails to maintain a minimum shareholding of at least 51% in the entire issued share capital of Egana.

If any event above is continuing and is not remedied within 3 business days in the case of the event under paragraph (a) above or 20 business days for any other event listed above, the Participating Creditors shall convene a meeting to discuss whether to deliver a notice to Egana for the early termination.

With effect from the early termination of the Debt Restructuring Agreement:

- (a) the restructuring shall immediately terminate and the Participating Creditors shall be immediately released from all of their obligations under the Debt Restructuring Agreement and the other restructuring documents except certain provisions set out in the Debt Restructuring Agreement;
- (b) subject to the terms of the New Guarantees, the security agent shall be entitled to enforce the New Guarantees; and
- (c) each Participating Creditor shall be entitled to take action against the relevant Debtors to recover amounts equivalent to the amounts waived by the Participating Creditors under the Debt Restructuring Agreement, and other amounts owed under existing loan documents and existing security documents.

Standstill

Each Participating Creditor undertakes to each of the other Participating Creditors and the Coordinators and to Egana and each of the other members of the Egana Group that, with effect from the date of the Debt Restructuring Agreement and unless and until (1) any notice is issued by the Coordinators stating the conditions precedent to the Debt Restructuring Agreement have not been satisfied or waived or (2) any notice of an any early termination date is given:

- (a) it will not make any demand for payment or otherwise upon, institute or pursue any legal action against, or take any action to enforce any security or guarantee provided by, any member of the Egana Group in respect of its Participating Creditors' Debt or threaten or purport so to do; and
- (b) it will not make any demand for payment or otherwise upon, institute or pursue any legal action against, or take any action to enforce any security or guarantee provided by, any other person which relates in any way to the Participating Creditors' Debt or threaten or purport so to do where to do so would give rise to any claim by such person against any member of the Egana Group.

Undertakings

Information undertakings:

Egana Group undertakes to provide its financial reports (quarterly, interim and annual reports), circulars and notices to Egana Shareholders, and other information requested by the Coordinators, to the CITIC Ka Wah Bank Limited as Asian Coordinator and Dresdner Bank AG as European Coordinator (if appropriate) for dissemination to the Participating Creditors. Egana Group also undertakes to notify the Coordinators of any litigation or arbitration proceeding against the Egana Group involving a potential liability of any member of the Egana Group exceeding HK\$15,000,000, any encumbrance attaching to any of assets of the Egana Group, any breach of any representation, warrantor undertaking under the restructuring

documents which could reasonably be expected to have a material adverse effect and any potential early termination event or other occurrence relating to a member of the Egana Group which could reasonably be expected to have a material adverse effect. Egana must also promptly notify the Coordinators if any of the estimates, forecasts or projections made in the Restructuring Plan should change in a material adverse way.

Corporate matter undertakings:

Egana and the Debtors undertake that they will not, and they will procure that none of members of the Egana Group shall, among other things:

- (a) create or permit to subsist any encumbrance over any of its assets other than permitted encumbrances including, among other things, the Lifestyle Convertible Bond guarantee, any encumbrance created under any restructuring document, any lien or other security interest or right of set-off arising by operation of law or contract in the ordinary course of its business and any existing security granted to the Participating Creditors;
- (b) make any substantial change to the general nature or scope of the business of the Egana Group as a whole from that carried on at the date of the Debt Restructuring Agreement;
- (c) make any loans or grant any credit to or for the benefit of any person, other than loans or credit granted in the normal course of its day to day trading activities;
- (d) incur or permit to subsist any indebtedness other than permitted indebtedness;
- (e) accrue interest on indebtedness owing by any member of the Egana Group to any other member of the Egana Group at a rate which exceeds the prevailing commercial rate at such time;
- (f) take any action to wind up any member of the Egana Group or to wind up the affairs of any member of the Egana Group except for (i) any actions, steps or proceedings proposed in the Restructuring Plan or the Restructuring Opinion; and (ii) any solvent voluntary liquidation of a member of the Egana Group contributing, when taken together with any other member of the Egana Group which is to be so wound up, not less than in aggregate 5% to the consolidated revenue of the Egana Group or representing not less than 5% of the consolidated net asset value of the Egana Group (in both cases determined as at the last audited balance sheet date), or to initiate litigation or other court proceedings in relation to any member of the Egana Group;
- (g) enter into any derivative or treasury positions unless there exist sound commercial grounds for doing so;
- (h) sell or otherwise dispose of any asset other than (i) in the ordinary course of its day to day trading activities on an arms' length basis; (ii) in the case of any material asset, a sale or disposal which has been approved by the majority Participating Creditors; or (iii) an asset which is not a material asset;
- (i) enter into any transactions with any member of the Egana Group other than on an arms' length basis;
- (j) transfer or otherwise dispose of any asset within the Egana Group other than in the ordinary course of day to day business or with the prior consent of the Coordinators;

- (k) without the prior approval of the Coordinators, enter into or make any commitment in relation to any transaction requiring or involving any capital investment or expenditure or assume or incur any liability of a capital nature other than where the aggregate liability incurred for all such transactions in any six month period, does not exceed HK\$20 million; or
- (l) redeem, repay, purchase or repurchase any Participating Creditors' Debt other than in accordance with the terms of the restructuring documents.

Monitoring

Participating Creditors have the right to retain or request Egana to retain KPMG or other adviser as their independent financial adviser to report to them on any aspect of the Restructuring Proposal.

Egana is responsible for cost and expenses of the independent financial adviser for the period up to and including the Effective Date, and following any early termination event. The cost and expenses of the independent financial adviser shall be borne by the Participating Creditors after the Effective Date unless and until such time as there is a termination event.

PROPOSED CONDITIONAL SUBSCRIPTION AGREEMENT

Set out below are the principal proposed terms of the proposed conditional Subscription Agreement:

Parties

- (a) Egana as issuer of the new Egana Shares to be subscribed and the new Egana Shares into which the Lifestyle Convertible Bonds may be exchanged;
- (b) Horizon Asset Holdings Ltd., a wholly-owned subsidiary of Egana, as Issuer of the Lifestyle Convertible Bonds;
- (c) Win Promise Limited, a wholly-owned subsidiary of Lifestyle, as the Equity Subscriber for the Subscription Shares;
- (d) Treasure Focus Ltd., a wholly-owned subsidiary of Lifestyle, as the Bond Subscriber for the Lifestyle Convertible Bonds; and
- (e) Lifestyle.

To the best of the knowledge, information and belief of the Lifestyle Directors and after making all reasonable enquiries and save to the extent that the Bridging Loan provided by Lifestyle to Egana, with pledged security, Egana and the Issuer are each a third party independent of Lifestyle and its connected persons.

Save to the extent that the Bridging Loan provided by Lifestyle to Egana with pledged security, to the best of the knowledge, information and belief of the Egana Directors and after making all reasonable enquiries, Lifestyle, the Equity Subscriber, the Bond Subscriber and their respective ultimate beneficial owners are third parties independent of Egana and its connected persons.

Subscription Shares

Under the proposed Subscription Agreement, the Equity Subscriber will agree, subject to the satisfaction or waiver of the relevant conditions precedent set out in the proposed Subscription Agreement, to subscribe for an aggregate of 4,342,642,652 new Egana Shares at a subscription price of HK\$0.05 per Egana Share. The Subscription Shares will represent approximately 296.6% of the issued share capital of Egana as at the date of this announcement and approximately 74.8% of the enlarged issued share capital of Egana after the issue of the Subscription Shares but before any conversion of any of the Participating Creditors' Convertible Bonds or the Lifestyle Convertible Bonds.

The Subscription Shares will be issued under a specific mandate proposed to be sought from Independent Egana Shareholders at the Egana EGM.

Lifestyle Convertible Bonds

Under the proposed Subscription Agreement, the Bond Subscriber will conditionally agree to subscribe for the Lifestyle Convertible Bonds, which are zero coupon convertible bonds in the aggregate principal amount of HK\$988,867,867 due 2010, exchangeable at the option of the holder(s) thereof into new Egana Shares at an initial Conversion Price of HK\$0.05 per Egana Share. On the basis of the 1,464,001,524 Egana Shares in issue as at the date of this announcement, upon full conversion of the entire principal amount of the Lifestyle Convertible Bonds into the Conversion Shares at the initial Conversion Price of HK\$0.05, a total of 19,777,357,340 Conversion Shares will be issued, which represents (1) approximately 13.5 times of the issued share capital of Egana as at the date of this announcement, (2) approximately 77.3% of the enlarged issued share capital of Egana upon the issue of the Subscription Shares and the full conversion of the Lifestyle Convertible Bonds but before the full conversion of the Participating Creditors' Convertible Bonds, and (3) approximately 72.8% of the enlarged issued share capital of Egana upon the issue of the Subscription Shares and the full conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds.

The Conversion Shares will be issued under a specific mandate proposed to be sought from Independent Egana Shareholders at the Egana EGM.

Subscription price and the Conversion Price

The Subscription price and the initial Conversion Price of HK\$0.05 per Subscription Share and Conversion Share respectively represent:

- (a) a discount of approximately 92.42% to the closing price of HK\$0.66 per Egana Share as quoted on the Stock Exchange on 11 September 2007 (being the last trading day (the "Last Trading Day") immediately prior to the suspension of trading in Egana Shares on 12 September 2007);
- (b) a discount of approximately 92.96% to the average closing price of Egana Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.71 per Egana Share;
- (c) a discount of approximately 95.87% to the average closing prices of Egana Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$1.21 per Egana Share; and

- (d) a discount of approximately 77.27% to the audited consolidated net asset value of the Egana Group attributable to Egana Shareholders of approximately HK\$0.22 per Egana Share based on the audited consolidated net asset value of the Egana Group attributable to Egana Shareholders of approximately HK\$321,260,000 as at 31 May 2007, being the date to which the latest published annual report of the Egana Group was made up, and the issued share capital of 1,464,001,524 Egana Shares as at 31 May 2007.

The unaudited consolidated net deficit value of the Egana Group was approximately HK\$0.71 per Egana Share calculated on the basis of the unaudited consolidated net deficit of the Egana Group attributable to Egana Shareholders of approximately HK\$1,038,621,000 as at 30 November 2007, being the date to which the latest published interim financial statements of the Egana Group were made up, and the issued share capital of 1,464,001,524 Egana Shares as at 30 November 2007.

Ranking of the Subscription Shares and the Conversion Shares

The Subscription Shares and the Conversion Shares, will be issued or credited as fully paid as the case may be, and will rank pari passu in all respects with all other Egana Shares in issue as at the date of their issue.

Principal terms of the Lifestyle Convertible Bonds

Principal proposed terms of the Lifestyle Convertible Bonds which will be further elaborated in the instrument to be made by the Issuer and Egana are set out below:

Issuer	:	Horizon Asset Holdings Ltd.
Principal amount	:	HK\$988,867,867
Denomination	:	HK\$10,000,000 each, or in relation to the odd lot of HK\$8,867,867 Lifestyle Convertible Bonds, in the denomination of HK\$8,867,867
Maturity	:	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each outstanding Lifestyle Convertible Bond at 100% of its principal amount on the Maturity Date.
Interest	:	Zero coupon
Status	:	The Lifestyle Convertible Bonds constitute direct, unconditional and (except for the negative pledge provision discussed below) unsecured obligations of the Issuer and shall (except to the extent subordinated to the rights of the Participating Creditors in respect of any amounts owing to them by the Egana Group under the Debt Restructuring Agreement, the Participating Creditors' Convertible Bonds and other restructuring documents) at all times rank pari passu and rateably without preference equally with all other present and future direct, unconditional and unsecured obligations of Egana and without any preference or priority among themselves.

Conversion : Subject to the terms of the Lifestyle Convertible Bonds, the bondholder(s) will have the right to convert at any time on and after the issue date up to the close of business on the Maturity Date or if such Lifestyle Convertible Bonds shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption.

If (a) the Issuer shall default in making payment in full in respect of any Lifestyle Convertible Bonds which shall have been called for redemption on the date fixed for redemption thereof; (b) any Lifestyle Convertible Bonds have become due and payable prior to the Maturity Date by reason of the occurrence of early termination as disclosed in the paragraph headed “Termination” under the section headed “Debt Restructuring Agreement” above; or (c) any Lifestyle Convertible Bonds are not redeemed on the Maturity Date in accordance with the terms and conditions, the conversion right attaching to such Lifestyle Convertible Bonds will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of such Lifestyle Convertible Bonds have been duly received by the bondholder(s).

Fractions of Egana Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

Conversion Price : The initial Conversion Price is HK\$0.05 per Egana Share of par value of HK\$0.01 each.

The Conversion Price is subject to adjustment from time to time on the occurrence of the following events that have a dilutive or concentrative effect on the value of the Egana Shares:

- (1) alteration to the nominal value of the Egana Shares as a result of consolidation, subdivision, reclassification;
- (2) capitalisation of profits or reserves;
- (3) capital distribution;
- (4) rights issues of shares or options over shares at a price which is less than the then current market price;
- (5) rights issue of other securities;
- (6) issue of shares and/or grant of options, warrants or other rights to subscribe for shares at a price which is less than the then current market price;
- (7) issues of other securities with rights to convert, exchange or subscribe for shares at a price which is less than the then current market price;

- (8) modification of rights of conversion or exchange or subscription attached to securities that can be converted, exchanged or subscribed for shares so that the consideration per share is at a price being less than the then current market price; and
- (9) other offers to shareholders.

Conversion Shares : The Conversion Shares shall, when issued, rank pari passu in all respects with all other issued share capital of Egana on the date of conversion including the right to all dividends or other distributions.

It is a term and condition that the bondholder(s) shall exercise the conversion rights attaching to the Lifestyle Convertible Bonds only if it is confirmed by Egana that the allotment and issue of the Conversion Shares under the Lifestyle Convertible Bonds to the bondholder(s) pursuant to an exercise of the conversion right attaching to the Lifestyle Convertible Bonds will not cause Egana to be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules immediately upon the allotment and issue of such Egana Shares.

Early redemption : At any time after the first anniversary of the issue date but not less than 7 business days prior to the Maturity Date, the Issuer may, having given prior written notice in accordance with the terms and conditions, redeem the Lifestyle Convertible Bonds in whole but not in part, provided that no such redemption may be made unless the closing price of the Egana Shares for each of the 15 consecutive trading days, the last trading day of which falls on the 5th trading day immediately prior to the date upon which the early redemption notice is given, was greater than the higher of: (a) HK\$0.20; and (b) 4 times of the prevailing Conversion Price.

Enforcement : At any time after an early termination as disclosed in the paragraph headed “Termination” under the section headed “Debt Restructuring Agreement” above has occurred, the bondholder(s) may declare that the Lifestyle Convertible Bonds have become due and payable, and/or commence proceedings against the Issuer and/or Egana to enforce payment.

Transferability : The Lifestyle Convertible Bonds may be transferred subject to compliance of the conditions including the delivery of transfer forms to the Issuer. No transfer is allowed during the transfer closed periods including (a) during the period of 7 days ending on (and including) the dates for payment of any principal; and (b) after conversion notices having been delivered with respect to such Lifestyle Convertible Bonds.

Voting : Holders of the Lifestyle Convertible Bonds will not be entitled to receive notices of, attend or vote at any general meetings of Egana by reason only of it being a holder of such Lifestyle Convertible Bonds.

Listing : The Lifestyle Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made by Egana to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attached to the Lifestyle Convertible Bonds.

The Conversion Shares will be issued under a specific mandate proposed to be sought from Independent Egana Shareholders at the Egana EGM.

Negative pledge : So long as any Lifestyle Convertible Bond remains outstanding and save as permitted under the Debt Restructuring Agreement, neither Egana nor the Issuer will create or permit to subsist, and each of Egana and the Issuer will procure that no subsidiary of Egana creates or permits to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any international investment securities (which are for the time being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market) or to secure any guarantee of or indemnity in respect of any international investment securities unless, at the same time or prior thereto, the Issuer's obligations under the Lifestyle Convertible Bonds or, as the case may be, the New Guarantors' obligations under the Lifestyle Convertible Bonds guarantee (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the holders of the Lifestyle Convertible Bonds.

Proposed conditions of the Subscription

Completion of the proposed Subscription Agreement will be conditional upon certain conditions precedent set out in the proposed Subscription Agreement having been satisfied or waived (as the case may be):

- (a) the passing of ordinary resolution(s) by the Independent Egana Shareholders in general meeting by poll, to approve and authorise (i) the allotment and issue of the Subscription Shares, the Lifestyle Convertible Bonds and the Conversion Shares; (ii) the Whitewash Waiver; and (iii) other transactions contemplated under the Subscription Agreement;
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Subscription Shares and the Conversion Shares and such listing and permission not being subsequently revoked prior to completion of the proposed Subscription Agreement;
- (c) the Executive granting a conditional Whitewash Waiver;

- (d) the resumption of trading of the Egana Shares on the Stock Exchange not later than completion of the proposed Subscription Agreement or the Stock Exchange granting an approval for the resumption of trading of the Egana Shares on the Stock Exchange not later than completion of the Subscription Agreement and such approval not being subsequently revoked prior to completion of the proposed Subscription Agreement;
- (e) Egana having obtained all other necessary regulatory approvals in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (f) there being as at completion date and there having been prior to the completion date no breach of the warranties and no event or condition which would (if existing or occurring after the issue of the Lifestyle Convertible Bonds) constitute an early termination event under any documents in relation to the Lifestyle Convertible Bonds or an event or act which, with the giving of notices, or the lapse of time, or both, would constitute such an early termination event;
- (g) Lifestyle being satisfied with the results of the due diligence review on the Egana Group, including in relation the Egana Group's assets, liabilities, contracts, commitments, and its business and financial, legal, taxation and compliance aspects;
- (h) the Capital Reduction having become effective under the laws of the Cayman Islands and a copy of the order of the Cayman Islands court sanctioning the Capital Reduction certified true by any Egana Director having been delivered to Lifestyle;
- (i) the conditions precedent to the Debt Restructuring Agreement being satisfied or waived in accordance with its terms except for the conditions precedent requiring the completion of the Subscription Agreement or the occurrence of the simultaneous completion matters which means (unless otherwise agreed to by the parties to the proposed Subscription Agreement):
 - (i) the receipt by the paying agent of the Participating Creditors under the Debt Restructuring Agreement of the first instalment of the payments required to be made by Egana under the Debt Restructuring Agreement in Hong Kong dollars or Euro as appropriate but equivalent in aggregate in any event to the amount of HK\$640,000,000;
 - (ii) the issue of the Participating Creditors' Convertible Bonds under the Debt Restructuring Agreement; and
 - (iii) the issue of the contractually non-binding letter of comfort by Lifestyle; and
- (j) approval of the Lifestyle Shareholders for the Subscription Agreement and the transactions contemplated thereunder.

If any of the above conditions is not fulfilled, or waived in whole or in part by Lifestyle on or before 27 September 2008 or such later date as may be agreed among parties in writing, the Subscription Agreement and all rights and obligations thereunder will cease and terminate and no party shall have any liability under the Subscription Agreement except for obligations which are expressly agreed in the Subscription Agreement. Conditions (c), (f) and (g) are the conditions that can be waived by Lifestyle.

Egana will apply to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares. After the conditions of the Subscription have been fulfilled and/or waived (as the case may be), completion shall take place on the Effective Date, unless it is necessary for completion to take place after the Effective Date in which case completion shall take place shortly after the Effective Date.

Completion

Unless otherwise agreed between the parties, completion of the Subscription Agreement takes place only if (a) subscription of Lifestyle Convertible Bonds is simultaneously completed with subscription of the Subscription Shares; and (b) all simultaneous completion matters set out in the paragraph headed “Proposed conditions of the Subscription” above occur simultaneously with completion of the Subscription Agreement.

In the event that:

- (a) the relevant tax waivers referred to in condition (t) as set out in the paragraph headed “Conditions precedent to the Debt Restructuring Agreement” under the section headed “Debt Restructuring Agreement” above are not delivered in accordance with the Debt Restructuring Agreement but all of the parties to the Subscription Agreement and the Coordinators, have agreed to proceed to completion of the Debt Restructuring Agreement;
- (b) all conditions precedent to the Debt Restructuring Agreement have been satisfied or otherwise waived (in particular, requirement of completion of the Subscription Agreement having been waived and the issue of the letter of comfort by Lifestyle having been waived and such issue having been deferred to the second deferred completion date) in accordance with the Debt Restructuring Agreement;
- (c) the Coordinators have confirmed in writing to Egana that the waiver of the Participating Creditors’ Debt and interest pursuant to the Debt Restructuring Agreement has already become effective; and
- (d) each of tax advisers acting for Egana and Lifestyle, have, based on their past experience with the tax authorities in Germany and their interpretation and understanding of the law and practice in Germany relating to taxation, confirmed to Lifestyle in form satisfactory to it that the provisions of terms of the Subscription Agreement suffice to enable the Egana Group in strict compliance with the laws and regulations and existing tax practice in Germany to use all of the currently unutilised loss carryforwards in Germany to set off (to the extent of such currently unutilised loss carryforwards) all taxes chargeable in Germany as a result of the waiver of the Participating Creditors’ Debt and interest pursuant to the Debt Restructuring Agreement,

then completion of the Subscription Agreement shall take place on the first deferred completion date (being 1:00 a.m. on the day immediately following the day on which the waiver of the Participating Creditors’ Debt and interest has taken effect and on the second deferred completion date (being 9:00 a.m. on the day immediately following the first deferred completion date) in accordance with the terms of the Subscription Agreement.

Appointment of Egana Directors

Egana shall take all actions necessary to appoint as its directors such persons as may be nominated by the Equity Subscriber, with effect from the earliest time permissible under the Takeovers Code.

PARTICIPATING CREDITORS' CB SUBSCRIPTION AGREEMENT

Set out below are the principal proposed terms of the Participating Creditors' CB Subscription Agreement:

Parties

- (a) Horizon Asset Holdings Ltd., a wholly-owned subsidiary of Egana (as Issuer);
- (b) Egana;
- (c) CITIC Ka Wah Bank Limited (as Asian Coordinator); and
- (d) the Participating Creditors.

Subscription

As part of the Restructuring Proposal, the Issuer proposes to issue HK\$80 million in aggregate principal amount of zero coupon guaranteed Participating Creditors' Convertible Bonds. The Participating Creditors' Convertible Bonds will be constituted by a trust deed between the Issuer, Egana and CITIC Ka Wah Bank Limited as trustee. Egana and its selected major subsidiaries named in the Participating Creditors' Convertible Bonds Guarantee will jointly and severally guarantee the payment obligations under the Participating Creditors' Convertible Bonds. On the basis of the 1,464,001,524 Egana Shares in issue as at the date of this announcement, upon full conversion of the entire principal amount of the Participating Creditors' Convertible Bonds into the Conversion Shares at the initial Conversion Price of HK\$0.05, a total of 1,600,000,000 Conversion Shares will be issued, which represents (1) approximately 109.3% of the issued share capital of Egana as at the date of this announcement, (2) approximately 21.6% of the enlarged issued share capital of Egana upon the issue of the Subscription Shares and the full conversion of the Participating Creditors' Convertible Bonds but before the full conversion of the Lifestyle Convertible Bonds, and (3) approximately 5.9% of the enlarged issued share capital of Egana upon the issue of the Subscription Shares and the full conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds.

Conditions precedent of the Participating Creditors' CB Subscription Agreement

The obligations of the Participating Creditors to subscribe for the Participating Creditors' Convertible Bonds are subject to the following conditions precedent, the satisfaction and approval of which shall be coordinated through the Asian Coordinator:

- (a) the Stock Exchange shall have agreed, subject to any conditions reasonably satisfactory to the Participating Creditors, to the issuance of the Participating Creditors' Convertible Bonds and the listing of the Conversion Shares;

- (b) on or prior to the Effective Date, there shall have been delivered to the Participating Creditors, each in a form reasonably satisfactory to the Participating Creditors, legal opinions in respect of Hong Kong law, British Virgin Islands law and Cayman Islands law, dated the Effective Date;
- (c) there shall have been delivered to the Participating Creditors a copy of the board resolution of the Issuer authorising and approving the issue of the Participating Creditors' Convertible Bonds, the transactions contemplated under the Participating Creditors' CB Subscription Agreement, the trust deed, the paying and conversion agency agreement and the execution and delivery of each of these agreements; and
- (d) on the Effective Date (i) the representations and warranties of the Issuer and Egana as set out in the Participating Creditors' CB Subscription Agreement shall be accurate and correct in all material respects (except in the case of any representations and warranties of the Issuer and Egana that are qualified by materiality, in which case such representations and warranties shall be accurate and correct in all respects) at, and as if made on, the Effective Date; (ii) the Issuer and Egana shall have performed all of their respective obligations thereunder expressed to be performed on or before the Effective Date and (iii) there shall have been delivered to the Asian Coordinator (acting on behalf of the Participating Creditors) a certificate, dated as of the Effective Date, of a duly authorised officer of each of the Issuer and Egana to such effect.

If any of the above conditions precedent is not satisfied or waived (as the case may be) on or before the date falling four months after the date of the Participating Creditors' CB Subscription Agreement or such other date as may be agreed between Egana, Lifestyle and the Coordinators of the Debt Restructuring Agreement, the Participating Creditors' CB Subscription Agreement shall cease to have any force or effect, provided that the Participating Creditors may at their discretion, waive compliance with the whole or any part of the conditions above.

The Participating Creditors' Convertible Bonds shall be issued on the Effective Date.

PRINCIPAL TERMS OF THE PARTICIPATING CREDITORS' CONVERTIBLE BONDS

Issuer	:	Horizon Asset Holdings Ltd., a wholly-owned subsidiary of Egana
Principal amount	:	HK\$80 million
Denomination	:	HK\$100
Maturity	:	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each outstanding Participating Creditors' Convertible Bond at 100% of its principal amount on the Maturity Date.
Interest	:	Zero coupon
Status	:	The Participating Creditors' Convertible Bonds constitute direct, senior, unsubordinated, unconditional and (subject to negative pledge provision discussed below) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The Participating Creditors' Convertible Bonds shall rank at all times senior to the Lifestyle Convertible Bonds. The payment

obligations of the Issuer under the Participating Creditors' Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provision, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

Conversion : Subject to the terms of the Participating Creditors' Convertible Bonds, bondholder(s) will have the right to convert at any time on and after the Effective Date up to the close of business on the Maturity Date or if such Participating Creditors' Convertible Bonds shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption.

If (a) the Issuer shall default in making payment in full in respect of any Participating Creditors' Convertible Bonds which shall have been called for redemption on the date fixed for redemption thereof; (b) any Participating Creditors' Convertible Bonds have become due and payable prior to the Maturity Date by reason of the occurrence of early termination as disclosed in the paragraph headed "Termination" under the section headed "Debt Restructuring Agreement"; or (c) any Participating Creditors' Convertible Bonds are not redeemed on the Maturity Date in accordance with the terms and conditions, the conversion right attaching to such Participating Creditors' Convertible Bonds will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of such Participating Creditors' Convertible Bonds have been duly received by the principal agent or the trustee and notice of such receipt has been duly given to the relevant holders of such Participating Creditors' Convertible Bonds.

Fractions of Egana Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

Conversion Price : The initial Conversion Price is HK\$0.05 per Egana Share, determined after arm's length negotiations among the parties with reference to the financial position of the Egana Group and the amount of indebtedness waived by the Participating Creditors pursuant to the Debt Restructuring Agreement, and is the same as the subscription price of the Subscription Shares and the initial conversion price of the Lifestyle Convertible Bonds.

The Conversion Price is subject to adjustment from time to time on the occurrence of the following events that have a dilutive or concentrative effect on the value of the Egana Shares:

- (1) alteration to the nominal value of the Egana Shares as a result of consolidation, subdivision or reclassification;

- (2) capitalisation of profits or reserves;
- (3) capital distribution;
- (4) rights issues of shares or options over shares at a price which is less than the then current market price;
- (5) rights issue of other securities;
- (6) issue of shares and/or grant of options, warrants or other rights to subscribe for shares at a price which is less than the then current market price;
- (7) issues of other securities with rights to convert, exchange or subscribe for shares at a price which is less than the then current market price;
- (8) modification of rights of conversion or exchange or subscription attached to securities that can be converted, exchanged or subscribed for shares so that the consideration per share is at a price being less than the then current market price; and
- (9) other offers to shareholders.

Conversion Shares : The Conversion Shares shall, when issued, rank pari passu in all respects with all other issued share capital of Egana on the date of conversion including the right to all dividends or other distributions.

Early redemption : At any time after the first anniversary of the Effective Date but not less than seven business days prior to the Maturity Date, the Issuer may, having given prior written notice in accordance with the terms and conditions, redeem the Participating Creditors' Convertible Bonds in whole but not in part, provided that no such redemption may be made unless the closing price of the Egana Shares for each of the 15 consecutive trading days, the last trading day of which falls on the 5th trading day immediately prior to the date upon which the early redemption notice is given, was greater than the higher of: (a) HK\$0.20; and (b) four times of the prevailing Conversion Price.

The Issuer or the Egana Group may at any time and from time to time purchase the Participating Creditors' Convertible Bonds at any price in the open market or otherwise. Such Participating Creditors' Convertible Bonds may, at the option of the Issuer or the Egana Group, be held, resold or cancelled. The Participating Creditors' Convertible Bonds so acquired, while held on behalf of the Issuer or any member of the Egana Group, shall not entitle the holders thereof to convert the Participating Creditors' Convertible Bonds in accordance with the terms and conditions nor exercise any voting rights with respect to such Participating Creditors' Convertible Bonds.

- Enforcement** : At any time after an early termination as disclosed in the paragraph headed “Termination” under the section headed “Debt Restructuring Agreement” above has occurred, the trustee may declare that the Participating Creditors’ Convertible Bonds have become due and payable, and/or commence proceedings against the Issuer, Egana and/or any New Guarantor to enforce payment of the Participating Creditors’ Convertible Bonds and to enforce the provisions of the trust deed and the Participating Creditors’ Convertible Bonds Guarantee.
- Transferability** : The Participating Creditors’ Convertible Bonds may be transferred subject to compliance of the conditions including the delivery of transfer forms to the registrar and the agents. No transfer is allowed during the transfer closed periods including (a) during the period of 7 days ending on (and including) the dates for payment of any principal; and (b) after conversion notices have been delivered with respect to such Participating Creditors’ Convertible Bonds.
- Listing** : The Participating Creditors’ Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made by Egana to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attached to the Participating Creditors’ Convertible Bonds.
- The Conversion Shares will be issued under a specific mandate proposed to be sought from Independent Egana Shareholders at the Egana EGM.
- Negative pledge** : So long as any Participating Creditors’ Convertible Bond remains outstanding and save as permitted under the Debt Restructuring Agreement, neither the Issuer nor Egana will create or permit to subsist, and each of the Issuer and Egana will procure that no subsidiary creates or permits to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any international investment securities (which are for the time being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market) or to secure any guarantee of or indemnity in respect of any international investment securities unless, at the same time or prior thereto, the Issuer’s obligations under the Participating Creditors’ Convertible Bonds and the trust deed or, as the case may be, the New Guarantors’ obligations under the Participating Creditors’ Convertible Bonds Guarantee (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the holders of the Participating Creditors’ Convertible Bonds.

Holder of the Participating Creditors' Convertible Bonds will not be entitled to receive notices of, attend or vote at any general meetings of Egana by reason only of it being a holder of such Participating Creditors' Convertible Bonds.

DELINQUENT DEBTS AGREEMENT

As at 16 October 2007, the aggregate outstanding principal amount of the Delinquent Debts of the Egana Group (being doubtful receivables with potential but uncertain recoverability) was approximately HK\$2.6 billion. Provision of approximately HK\$1.6 billion was made during the financial year ended 31 May 2007, and further provision was made for the remaining amount of approximately HK\$1.0 billion during the six months ended 30 November 2007. Accordingly, full provision has been made in respect of the Delinquent Debts as at the date of this announcement. Lifestyle, Egana and the Participating Creditors are now in negotiations for the terms of the Delinquent Debts Agreement which will be signed by the parties later. It is currently contemplated that pursuant to the Delinquent Debts Agreement, the Participating Creditors and the Egana Group will share any recoveries from, and the related costs and expenses of any claims in relation to, the Delinquent Debts in the proportion 80% and 20% respectively. The amount of the Delinquent Debts recoveries to be shared by the Participating Creditors will not exceed the aggregate amount of the Participating Creditors' Restructured Debt and the amount payable to the Participating Creditors on early termination of the Debt Restructuring Agreement less an amount equal to the aggregate amounts which the Participating Creditors receive under the Debt Restructuring Agreement (other than under any relevant fee letters) and the New Guarantees and the amount of the Participating Creditors' Debt which was used to subscribe for the Participating Creditors' Convertible Bonds. Any payment received by the Participating Creditors in relation to the Delinquent Debts shall be deemed not to reduce any payment due to the Participating Creditors under the Debt Restructuring Agreement.

CHANGE OF SHAREHOLDING STRUCTURE OF EGANA

The following table illustrates the shareholding structure of Egana (1) as at the date of this announcement; (2) upon issue and allotment of the Subscription Shares; (3) upon full conversion of the Participating Creditors' Convertible Bonds; (4) upon full conversion of the Participating Creditors' Convertible Bonds and after conversion of the Lifestyle Convertible Bonds to the extent that 25% of the Egana Shares are held in public hands; and (5) upon full conversion of the Lifestyle Convertible Bonds.

	As at the date of this announcement		After the issue of the Subscription Shares (but before full conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds)		After the issue of the Subscription Shares and full conversion of the Participating Creditors' Convertible Bonds but before full conversion of the Lifestyle Convertible Bonds		After the issue of the Subscription Shares and full conversion of the Participating Creditors' Convertible Bonds and after conversion of the Lifestyle Convertible Bonds to the extent that 25% of the Egana Shares are held in public hands		After the issue of the Subscription Shares, and full conversion of the Participating Creditors' Convertible Bonds and the Lifestyle Convertible Bonds (Note 3)	
	No. of Egana Shares	Approximate %	No. of Egana Shares	Approximate %	No. of Egana Shares	Approximate %	No. of Egana Shares	Approximate %	No. of Egana Shares	Approximate %
Egana Directors:										
Peter LEE	8,811,375	0.60	8,811,375	0.15	8,811,375	0.12	8,811,375	0.08	8,811,375	0.03
Michael POIX	2,923,500	0.20	2,923,500	0.05	2,923,500	0.04	2,923,500	0.02	2,923,500	0.01
Juergen HOLZSCHUH	3,300	0.00	3,300	0.00	3,300	0.00	3,300	0.00	3,300	0.00
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
Professor Udo GLITTENBERG	116,751	0.01	116,751	0.00	116,751	0.00	116,751	0.00	116,751	0.00
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
Dr Goetz WESTERMEYER	291,877	0.02	291,877	0.01	291,877	0.01	291,877	0.00	291,877	0.00
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
Lifestyle and its Concert Parties	-	-	4,342,642,652	74.79	4,342,642,652	58.63	9,143,417,360	74.90	24,119,999,992	88.73
	<u>12,146,803</u>	<u>0.83</u>	<u>4,354,789,455</u>	<u>75.00</u>	<u>4,354,789,455</u>	<u>58.80</u>	<u>9,155,564,163</u>	<u>75.00</u>	<u>24,132,146,795</u>	<u>88.77</u>
Peninsula International Limited (Note 1)	485,388,326	33.15	485,388,326	8.36	485,388,326	6.55	485,388,326	3.98	485,388,326	1.79
Participating Creditors (Note 2)	-	-	-	-	1,600,000,000	21.60	1,600,000,000	13.10	1,600,000,000	5.89
	<u>485,388,326</u>	<u>33.15</u>	<u>485,388,326</u>	<u>8.36</u>	<u>2,085,388,326</u>	<u>28.15</u>	<u>2,085,388,326</u>	<u>17.08</u>	<u>2,085,388,326</u>	<u>7.68</u>
Other public	<u>966,466,395</u>	<u>66.02</u>	<u>966,466,395</u>	<u>16.64</u>	<u>966,466,395</u>	<u>13.05</u>	<u>966,466,395</u>	<u>7.92</u>	<u>966,466,395</u>	<u>3.55</u>
Total public (Note 4)	<u>966,466,395</u>	<u>66.02</u>	<u>1,451,854,721</u>	<u>25.00</u>	<u>3,051,854,721</u>	<u>41.20</u>	<u>3,051,854,721</u>	<u>25.00</u>	<u>3,051,854,721</u>	<u>11.23</u>
	<u>1,464,001,524</u>	<u>100.00</u>	<u>5,806,644,176</u>	<u>100.00</u>	<u>7,406,644,176</u>	<u>100.00</u>	<u>12,207,418,884</u>	<u>100.00</u>	<u>27,184,001,516</u>	<u>100.00</u>

Notes:

- These shares were registered in the name of Peninsula International Limited and its nominee which held the same as nominee for The Captive Insurance Trust, a discretionary trust whose prospective beneficiaries included the deceased Mr. Hans-Joerg SEEBERGER's family. Although Joint Asset, a wholly-owned subsidiary of Peninsula International Limited, has pledged its Egana Shares to Billion Empire Limited, a wholly-owned subsidiary of Lifestyle, for the Bridging Loan, Peninsula International Limited will be considered to be part of the public float of the issued share capital of Egana after the issue of the Subscription Shares because (1) the pledged Egana Shares will be released when Lifestyle's subscription of the Subscription Shares takes place; and (2) immediately upon completion of Lifestyle's subscription of the Subscription Shares, the Egana Shares held by Peninsula International Limited will be diluted to less than 10% of the issued share capital of Egana at approximately 8.36%.
- The Participating Creditors' shareholdings have not been ascertained at this stage and such shareholdings will be fully disclosed in the circular. On the basis of the issued share capital of Egana upon completion of the Restructuring Proposal and before taking account of any conversion of the Lifestyle Convertible Bonds, the conversion by the largest Participating Creditor of its holding in the Participating Creditors' Convertible Bonds (but not the other Participating

Creditors) will result in the issue of new shares by Egana, representing no more than 3.8% of such issued share capital (or approximately 3.6% of the enlarged issued share capital taking into account such issue of new shares). Moreover, none of the individual Participating Creditor holds 10% or more of the voting rights of the enlarged issued share capital upon the full conversion of the Participating Creditors' Convertible Bonds. Upon Lifestyle's full conversion of the Lifestyle Convertible Bonds, the Participating Creditors' shareholdings will be diluted to approximately 5.89% of the enlarged issued share capital.

3. It is for the purpose of illustration only. There will be less than 25% of the issued Egana Shares in the public hands immediately after the issue of the Subscription Shares and full conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds. It is a term and condition that the bondholder(s) shall exercise the conversion rights attaching to the Lifestyle Convertible Bonds only if it is confirmed by Egana that the allotment and issue of the Conversion Shares under the Lifestyle Convertible Bonds to the bondholder(s) pursuant to an exercise of the conversion right attaching to the Lifestyle Convertible Bonds will not cause Egana to be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules immediately upon the allotment and issue of such Egana Shares.
4. "Total public" includes the Egana Shares held by the Participating Creditors, Peninsula International Limited (only after completion of the issue of the Subscription Shares) and other public.
5. The interests are negligible.

There are no other outstanding options, warrants, derivatives and other securities convertible or exchangeable into Egana Shares or any other derivatives as at the date of this announcement.

EQUITY RAISING ACTIVITIES FOR THE PAST TWELVE MONTHS

No equity fund raising activities have been conducted by Egana for the past twelve months from the date of this announcement.

INFORMATION ON THE SUBSCRIBER

Each of the Equity Subscriber and the Bond Subscriber is a company incorporated in British Virgin Islands with limited liability and is wholly-owned by Lifestyle. The principal business of each of the Equity Subscriber and the Bond Subscriber is to be an investment vehicle. They have not undertaken any business activities other than the entering into of the Restructuring Proposal.

The principal activity of Lifestyle is investment holding and Lifestyle's subsidiaries' principal business activities are the operation of "lifestyle" department stores and property holding.

INFORMATION ON EGANA

Egana and its subsidiaries are principally engaged in (1) design, assembly, manufacture and distribution of timepieces, leather and lifestyle products; (2) licensing or assignment of brandnames or trademarks to third parties; (3) trading of timepiece components, jewellery and consumer electronic products; (4) distribution of branded timepieces, leather and lifestyle products through franchisees under the franchising arrangement; and (5) design, manufacture, distribution and trading of jewellery and licensing.

According to the audited accounts of the Egana Group prepared in accordance with accounting principles generally accepted in Hong Kong, for the year ended 31 May 2006, the Egana Group recorded audited profit before, and after, taxation, minority interests and extraordinary items of approximately HK\$345.1 million and HK\$305.0 million respectively. For the year ended 31 May 2007, the Egana Group recorded audited loss before, and after, taxation, minority interests and extraordinary items of approximately HK\$1,820.4 million and HK\$1,959.4 million respectively. Unaudited loss before, and after, taxation, minority interests and extraordinary items of approximately HK\$1,243.3 million and HK\$1,263.5 million were recorded by the Egana Group respectively for the six months ended 30 November 2007. The unaudited consolidated net deficit of the Egana Group attributable to Egana Shareholders as at 30 November 2007 was approximately HK\$1,038.6 million.

REASONS FOR THE RESTRUCTURING PROPOSAL

As referred to in previous announcements made by Egana and in the Egana Group's 2006/2007 annual report, the Egana Group has faced severe financial difficulties since July 2007 principally as a result of a largely self-contained area of the Egana Group's trading operations (as identified in the KPMG review) which has been discontinued during the six months ended 30 November 2007. The Egana Group suffered severe financial difficulties. For the year ended 31 May 2007 and the six months ended 30 November 2007, the Egana Group suffered losses attributable to Egana Shareholders of approximately HK\$1,959.4 million and HK\$1.3 billion respectively. The substantial loss attributable to Egana Shareholders for the year ended 31 May 2007 was primarily due to provision of approximately HK\$1.6 billion for doubtful accounts and other receivables and promissory notes, and impairment loss on goodwill and trademarks written off in aggregate of approximately HK\$211.8 million. The significant loss attributable to Egana Shareholders for the six months ended 30 November 2007 was mainly as a result of (1) the additional impairment losses on doubtful receivables in the amount of approximately HK\$1.0 billion made for the period; (2) the net loss on disposal of non-core available-for-sale securities and investments of approximately HK\$82.9 million; (3) the legal and professional fees and other expenses in the amount of approximately HK\$71.4 million mainly incurred in relation to the financial restructuring of the Egana Group; and (4) the relocation expenses and associated restructuring costs for (a) the closure and relocation of the separate German office of one of the Egana Group's brands; (b) the closure of certain business units of jewellery and leather divisions; and (c) the closing of consumer electronics sales company and the mass market business in timepieces in an aggregate amount of approximately HK\$66.4 million. Based on the unaudited financial statements for the six months ended 30 November 2007, the Egana Group had net current liabilities of approximately HK\$2.2 billion as at 30 November 2007. The Egana Group had bank and other borrowings of approximately HK\$4.0 billion as at 30 November 2007, all of which were due within one year or repayable on demand. In Egana's annual report for the year ended 31 May 2007, Egana's auditors stated that they were unable to form an opinion as to whether Egana's accounts gave a true and fair view of the state of affairs of Egana and of the Egana Group as at 31 May 2007 and of the Egana Group's loss and cash flow for the year then ended because of the scope limitation on material sales transactions and receivable provision, and the fundamental uncertainty relating to Egana's and Egana Group's ability to continue as a going concern.

In view of the severe financial difficulties of the Egana Group, certain bank creditors of the Egana Group threatened to (and in some cases did) bring legal proceedings or served statutory demands against the Egana Group for the repayment of outstanding debts and certain credit insurers and debt factoring banks withdrew the facilities they had previously been providing to the Egana Group. These actions had significant adverse effects on the Egana Group's cash flow and ongoing trading business as a whole. Since submission by Lifestyle of a non-binding term sheet to Egana, the Lifestyle Group has made working capital available to the Egana Group for its business operation through the provision of the

Bridging Loan. As a result of this additional liquidity, coupled with clear evidence of a restructuring proposal being made by Lifestyle, the proceedings and demands against the Egana Group were withdrawn and the main factoring bank of the Egana Group restored the factoring facilities. Bank and other creditors of the Egana Group have subsequently exercised forbearance pending the implementation of the Restructuring Proposal.

The primary objectives of the Restructuring Proposal are to (1) inject new capital into Egana for (a) settling the Bridging Loan; and (b) reducing the level of the Participating Creditors' Debt; and (2) strengthen the financial position of the Egana Group. The Egana Board considers that the successful implementation of the Restructuring Proposal is essential for the Egana Group to be able to continue to operate as a going concern. The Egana Board also believes that the Egana Group can benefit from having Lifestyle as its controlling shareholder, such as by leveraging on Lifestyle's experience and business network to develop further the Egana Group's business in the PRC.

The Egana Directors (except the independent non-executive Egana Directors who will provide their recommendation after reviewing the letter from the independent financial adviser) are of the view that the terms of the Restructuring Proposal are fair and reasonable, and in the interests of Egana and Egana Shareholders as a whole. In the circumstance, the Egana Board has decided to submit the Restructuring Proposal to Independent Egana Shareholders for their consideration and approval.

Pursuant to Lifestyle's participation in Egana's financial restructuring as a white knight, Lifestyle Board believe it will enable Lifestyle to have immediate access to the branded goods business platform and an experienced management team which should result in synergies in terms of pursuing affordable luxury goods business in the fast growing PRC market where Lifestyle has extensive retail distribution network. This logical diversification of business initiatives would fit into the business expansion strategy of Lifestyle and would be beneficial to Lifestyle and its shareholders.

Upon Completion, Egana will become a subsidiary of Lifestyle and its consolidated financial results will be consolidated with those of the Lifestyle Group.

Lifestyle Directors, including the independent non-executive Lifestyle Directors, consider the terms of the Restructuring Proposal are fair and reasonable and in the interest of the Lifestyle and the Lifestyle Shareholders as a whole.

USE OF PROCEEDS

The estimated net proceeds from the Subscription of approximately HK\$1,206.0 million will be applied by Egana for the following purposes:

- (1) HK\$300.0 million for the settlement of the Bridging Loan;
- (2) HK\$640.0 million for the first instalment pursuant to the Debt Restructuring Agreement; and
- (3) the remaining balance of approximately HK\$266.0 million for working capital of the Egana Group.

Following settlement of the Bridging Loan in full, all the security for the Bridging Loan will be released, including the Egana Shares pledged by Joint Asset, a wholly-owned subsidiary of Peninsula International Limited.

FUTURE INTENTIONS OF LIFESTYLE REGARDING THE EGANA GROUP

At present, Lifestyle is a Hong-Kong based retail operator that specialises in the operation of high-end department stores through its two retailer brand names, SOGO and Jiuguang. Following the Completion, Lifestyle intends that Egana will continue its existing business.

Lifestyle intends to continue Egana's existing principal business and will conduct a more detailed review of the financial position and the operations of the Egana Group with a view to finalise a corporate strategy upon Completion. Although Lifestyle does not have any immediate plan for redeployment of the material fixed assets of Egana, Lifestyle is considering restructuring Egana's existing business. Lifestyle considers it commercially justifiable and consistent with its expansion philosophy to make investment in the Egana Group, in particular, in its existing principal business as set out in the section headed "Information on Egana".

Lifestyle will conduct a thorough appraisal on the performance of the employees of the Egana Group upon Completion. Subject to such performance reviews, Lifestyle intends to continue the employment of the employees for the continuity of Egana Group's existing business. Additional directors and senior management will be appointed to the Egana Group when appropriate. However, during the restructuring of the Egana Group, certain employees of Egana Group may be reconsidered.

There is no intention of the parties that any of the existing Egana Directors will resign after the completion of the Subscription. The Chairman will be appointed by the Egana Board upon Completion and Lifestyle will nominate at least one executive directors to the Egana Board.

MAINTENANCE OF THE LISTING STATUS OF EGANA

Immediately upon the issue of the Subscription Shares but before accounting for the Conversion Shares, and assuming that there have been no other changes in the issued share capital of Egana since the date of this announcement, Lifestyle and its Concert Parties will be interested in 4,342,642,652 Egana Shares, representing approximately 74.8% of the enlarged issued share capital of Egana and 1,451,854,721 Egana Shares, representing approximately 25.0% of the enlarged issued share capital of Egana will be held by public. Accordingly, in the absence of other changes in shareholding in Egana since the date of this announcement, Egana will then become a subsidiary of Lifestyle and the public float of Egana is expected to be maintained.

It is the intention of Lifestyle to maintain the listing status of Egana on the Stock Exchange upon Completion and to ensure that at least 25% or above of the issued Egana Shares is in public hands. Egana is required to maintain sufficient public float upon Completion.

DILUTION EFFECT ON EGANA SHAREHOLDERS

In view of the future dilution to existing Egana Shareholders on the exercise of the conversion rights attached to the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds, Egana will keep Egana Shareholders informed of the level of dilution and details of conversion as follows:

- (1) Egana will make a monthly announcement (the "Monthly Announcement") after the issue of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:

- (a) whether there is any conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Egana Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the number of outstanding Lifestyle Convertible Bonds and Participating Creditors' Convertible Bonds after conversion, if any;
 - (c) the total number of new Egana Shares issued pursuant to other transactions during the relevant month, including new Egana Shares issued pursuant to exercise of options under any share option scheme(s) of Egana; and
 - (d) the total issued share capital of Egana as at the commencement and the last day of the relevant month;
- (2) in addition to the Monthly Announcement, if the cumulative amount of new Egana Shares issued pursuant to the conversion of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds reaches 5% of the issued share capital of Egana as disclosed in the last Monthly Announcement or any subsequent announcement made by Egana in respect of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), Egana will make an announcement on the website of the Stock Exchange including details as stated in (1) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement in respect of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds (as the case may be) up to the date on which the total amount of Egana Shares issued pursuant to the conversion amounted to 5% of the issued share capital of Egana as disclosed in the last Monthly Announcement or any subsequent announcement made by Egana in respect of the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds (as the case may be); and
- (3) in addition to the Monthly Announcement, if Egana forms the view that any issue of the Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then Egana is obliged to make such disclosures regardless of the issue of any announcements in relation to the Lifestyle Convertible Bonds and the Participating Creditors' Convertible Bonds as mentioned in (1) and (2) above.

WHITEWASH WAIVER

As set out in the shareholding table under the section headed "Change of shareholding structure of Egana" above, immediately upon completion of the Subscription but before accounting for the Conversion Shares, and assuming that there have been no other changes in the issued share capital of Egana since the date of this announcement, Lifestyle and its Concert Parties will be interested in an aggregate of approximately 74.8% of the enlarged issued share capital of Egana. Accordingly, Lifestyle and its Concert Parties will be required to make an unconditional mandatory general offer for all the securities of Egana (other than those already owned or agreed to be acquired by Lifestyle and its Concert Parties).

Lifestyle will apply to the Executive for the Whitewash Waiver, the granting of which will be subject to, among other things, (1) approval of the Independent Egana Shareholders in respect of the Whitewash Waiver at the Egana EGM where voting on the relevant resolution(s) shall be taken by poll; (2) Lifestyle and its Concert Parties not having acquired any voting rights of Egana in the six months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understanding or agreements with the Egana Directors in relation to the Subscription under the Subscription Agreement; and (3) Lifestyle and its Concert Parties not having any acquisitions or disposals of voting rights of Egana between the date of this announcement and completion of the Subscription unless with prior consent of the Executive.

Should Lifestyle and its Concert Parties hold more than 50% of the enlarged issued share capital of Egana upon completion of the Subscription, they may increase their shareholding in Egana further without triggering any further general offer obligation under the Takeovers Code.

It is one of the conditions precedent of the Subscription Agreement that the Whitewash Waiver has to be obtained. If the Whitewash Waiver is not obtained for any reason, the Subscription Agreement will not become unconditional, unless Lifestyle agrees to waive the condition on the Whitewash Waiver. Should Lifestyle waive the condition on the Whitewash Waiver and elect to proceed to Completion, Lifestyle will comply with all the relevant requirements of the Takeovers Code including but not limited to the making of a general offer and further announcement. Completion of the Debt Restructuring Agreement will not take place if the Subscription Agreement does not become unconditional.

The Restructuring Proposal, including the Subscription Agreement, the Debt Restructuring Agreement, the Participating Creditors' CB Subscription Agreement, the Delinquent Debts Agreement, the transactions contemplated thereunder and the Whitewash Waiver are subject to approval by Independent Egana Shareholders (who are permitted to vote under the Listing Rules and the Takeovers Code) at the Egana EGM. Lifestyle, its Concert Parties and their respective associates together with those who are interested in, or involved in, the Restructuring Proposal are required to abstain from voting on the Restructuring Proposal and the Whitewash Waiver at the Egana EGM. Since Joint Asset, a wholly-owned subsidiary of Peninsula International Limited, has pledged its Egana Shares to Billion Empire Limited, a wholly-owned subsidiary of Lifestyle, for the Bridging Loan, Peninsula International Limited is also required to abstain from voting on the Restructuring Proposal and the Whitewash Waiver at the Egana EGM. All executive Egana Directors are involved in negotiations of the Restructuring Proposal but not independent non-executive Egana Directors. Therefore, all executive Egana Directors are required to abstain from voting on the Restructuring Proposal and the Whitewash Waiver at the Egana EGM. According to the register of members of Egana, executive Egana Directors, namely Messrs Peter Ka Yue Lee, Michael Richard Poix and Juergen Ludwig Holzschuh, hold 11,738,175 Egana Shares as at the date of this announcement.

In accordance with Rule 3.8 of the Takeovers Code, associates (within the meaning of the Takeovers Code) of Egana and Lifestyle are hereby reminded to disclose their dealings in any securities of Egana pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 of Rule 22 of the Takeovers Code, stockbrokers, banks and other intermediaries who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day

period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

THE LIFESTYLE'S DEALING AND INTERESTS IN SECURITIES OF EGANA

Neither Lifestyle nor any of its Concert Parties was interested in any Egana Shares, warrants, options, derivatives or securities convertible into Egana Shares as at the date of this announcement nor had they dealt in any Egana Shares, warrants, options, derivatives or securities convertible into Egana Shares during the period commencing on the date falling six months prior to 2 October 2007 and up to the date of this announcement. Lifestyle and its Concert Parties have undertaken that they will not deal in the Egana Shares, warrants, options, derivatives or securities convertible into Egana Shares during the period up to and including the date of completion of the Subscription.

GENERAL

The Subscription constitutes a very substantial acquisition for Lifestyle under the Listing Rules and is subject to the approval by the Lifestyle Shareholders at the Lifestyle EGM. As no Lifestyle Shareholder or its associates have a material interest in the Restructuring Proposal which are different from other Lifestyle Shareholders, no Lifestyle Shareholder is required to abstain from voting on the resolution to be proposed at the Lifestyle EGM regarding the Subscription. It is the intention of Real Reward Limited ("Real Reward"), being Lifestyle's controlling shareholder to vote in favour of the resolution approving the Subscription at the Lifestyle EGM. As at the date of this announcement, Real Reward holds an aggregate of approximately 63.28% interest in the issued share capital of Lifestyle.

A circular containing, among other things, details of the Subscription, the financial information of the Lifestyle Group and the Egana Group and a notice of the Lifestyle EGM will be despatched to the Lifestyle Shareholders as soon as practicable.

At the request of Lifestyle, trading in the Lifestyle Shares on the Stock Exchange has been suspended from 9:33 a.m. on 13 June 2008 pending the release of this announcement. An application has been made by Lifestyle to the Stock Exchange for the resumption of trading in the Lifestyle Shares from 9:30 a.m. on 16 June 2008. **Shareholders and investors of Lifestyle are advised to exercise caution when dealing in securities of Lifestyle.**

The Restructuring Proposal (including the Whitewash Waiver) is subject to the approval by the Independent Egana Shareholders by poll at the Egana EGM. Any Egana Shareholders, including creditors of Egana who have a material interest in the Restructuring Proposal will be required to abstain from voting at the Egana EGM. At this stage the shareholdings of creditors of Egana have not been ascertained, and any such shareholdings will be fully disclosed in the circular. If there are any creditors who are also Egana Shareholders, Egana will have regard to Note 5 of Rule 25 of the Takeovers Code and will seek the consent of the Executive and the approval of the Independent Egana Shareholders for the use of funds from the Restructuring Proposal to repay, in whole or in part, loans to such creditors who are also Egana Shareholders. An independent board committee of Egana, comprising all independent non-executive Egana Directors (namely Professor Udo Glittenberg and Dr. Goetz Reiner Westermeyer), has been established to consider the Restructuring Proposal and the Whitewash Waiver and to give

recommendation to the Independent Egana Shareholders. Access Capital Limited, the independent financial adviser, has been appointed to advise the independent board committee of Egana and the Independent Egana Shareholders in this regard. Such appointment has been approved by the independent board committee of Egana.

The circular containing, among other things, details on the Restructuring Proposal, financial information relating to the effects of the Restructuring Proposal, the Whitewash Waiver, the recommendation of the independent board committee, the advice of the independent financial adviser and a notice of the Egana EGM will be despatched to Egana Shareholders as soon as practicable in accordance with the provisions under the Takeovers Code and the Listing Rules.

At the request of Egana, trading in the Egana Shares was suspended with effect from 9:30 a.m. on 12 September 2007. In view of its financial difficulties, Egana has been involved in intensive negotiations with its financial and trade creditors and other stakeholders in an effort to preserve the ability of the Egana Group to trade as a going concern, including the implementation of the Restructuring Proposal which requires extensive time to arrive at the current stage. Trading in the Egana Shares has remained suspended during this period. In a letter dated 2 January 2008 from the Stock Exchange to Egana, it was informed of the requirements of the Stock Exchange in relation to the application for resumption of trading in the Egana Shares. Egana has made a submission on 23 May 2008 to the Stock Exchange and is now taking steps to comply with the requirements. Egana has to address to the satisfaction of the Stock Exchange the issues relating to, among other things, (a) the reasons for the past irregular transactions of Egana and the impacts on Egana's operations and financial position; (b) that Egana has adequate and effective internal control; and (c) that the Egana Group will have sufficient working capital for its operation and to fulfil its financial obligations for at least 12 months from the expected date of resumption of trading in the Egana Shares. Egana is expected to demonstrate to the Stock Exchange that the above issues are satisfactorily addressed. **The release of this announcement does not indicate that the resumption of trading in the Egana Shares has been or will be approved by the Stock Exchange.** Trading in the Egana Shares will remain suspended until further notice. **Shareholders and investors of Egana are advised to exercise caution when dealing in securities of Egana.**

The release of this announcement does not indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Debt Restructuring Agreement, the Subscription Agreement, the Participating Creditors' CB Subscription Agreement and the Delinquent Debts Agreement may or may not be fulfilled or otherwise waived.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Bond Subscriber”	Treasure Focus Ltd., a company incorporated in British Virgin Islands with limited liability and wholly-owned by Lifestyle
“Bridging Loan”	HK\$300 million bridging loan provided by the Lifestyle Group pursuant to a credit agreement dated 23 September 2007 entered into between Egana and Billion Empire Limited, a wholly-owned subsidiary of Lifestyle, and as supplemented by agreements dated 25 January 2008, 25 February 2008, 31 March 2008 and 7 May 2008
“Capital Reduction”	proposed capital reduction which involves the par value of each Egana Existing Share in issue being reduced from HK\$1 to HK\$0.01 as approved by Egana Shareholders on 28 March 2008, and by the Cayman Islands Court on 6 June 2008
“Completion”	completion of the Restructuring Proposal
“Concert Parties”	parties acting in concert within the meaning of the Takeovers Code
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	initial conversion price of HK\$0.05 per Egana Share, subject to anti-dilution adjustments pursuant to the terms of the Lifestyle Convertible Bonds and the Participating Creditors’ Convertible Bonds
“Conversion Share(s)”	the Egana Share(s) to be allotted and issued by Egana upon exercise of conversion rights attached to the Lifestyle Convertible Bonds and the Participating Creditors’ Convertible Bonds
“Coordinator(s)”	coordinators appointed by the Participating Creditors as their agents in relation to the administration of the Restructuring Proposal, being CITIC Ka Wah Bank Limited as Asian coordinator and Dresdner Bank AG as European coordinator
“Cut-Off Date”	1 August 2007 or, in the case of the derivatives, the relevant close out date
“Debt Restructuring Agreement”	debt restructuring agreement entered into among Lifestyle, Egana (on its own behalf and on behalf of the other Debtors named therein), the Participating Creditors, CITIC Ka Wah Bank Limited and Dresdner Bank AG in respect of the debt restructuring of the Egana Group and effective from 26 May 2008

“Debtors”	Egana and its subsidiaries named in the Debt Restructuring Agreement as debtors under certain loan facilities to the Egana Group
“Delinquent Debts”	being doubtful receivables with potential but uncertain recoverability in a total outstanding principal amount of approximately HK\$2.6 billion as at 16 October 2007
“Delinquent Debts Agreement”	delinquent debts agreement to be entered into among the Coordinators, CITIC Ka Wah Bank Limited as paying agent and Egana on its own behalf and on behalf of the Egana Group in respect of the Delinquent Debts
“Effective Date”	date on which the Coordinators give notice to the Participating Creditors and Egana that all conditions precedent to completion of the Debt Restructuring Agreement have been satisfied or waived (as the case may be)
“Egana”	EganaGoldpfeil (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Egana Board”	board of the Egana Directors
“Egana Director(s)”	director(s) of Egana
“Egana EGM”	extraordinary general meeting of Egana to be held for the purpose of considering, and if thought fit, passing the relevant resolution(s) required for the implementation of the Restructuring Proposal and the Whitewash Waiver
“Egana Existing Share(s)”	existing ordinary share(s) of HK\$1 each in the capital of Egana prior to the Capital Reduction becoming effective
“Egana Group”	Egana and its subsidiaries
“Egana New Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Egana upon the Capital Reduction becoming effective
“Egana Share(s)”	the Egana Existing Share(s) or, as the case may be, the Egana New Share(s)
“Egana Shareholder(s)”	holder(s) of the Egana Shares
“Equity Subscriber”	Win Promise Limited, a company incorporated in British Virgin Islands with limited liability and wholly-owned by Lifestyle
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

“Fully Secured Creditors”	members of the Non-Participating Creditors and are fully secured with an aggregate net indebtedness of approximately HK\$104.7 million owed by the Egana Group to them as at the Cut-Off Date
“HIBOR”	Hong Kong Interbank Offered Rate shown on the Reuters monitor screen as being the rate per annum at which Hong Kong dollar deposits are offered for a period equal or comparable to interest period at or about 11:00 a.m. (Hong Kong time) on the first day of the applicable interest period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Egana Shareholders”	Egana Shareholders other than (i) Lifestyle, its Concert Parties and their respective associates; and (ii) together with those who are interested in, or involved in, the Restructuring Proposal (including (a) Peninsula International Limited; (b) all executive Egana Directors; and (c) creditors whose loans to the Egana Group to be repaid, in whole or in part, by the funds from the Restructuring Proposal
“Issuer”	Horizon Asset Holdings Ltd., a company incorporated in British Virgin Islands with limited liability, issuer of the Lifestyle Convertible Bonds and the Participating Creditors’ Convertible Bonds and a wholly-owned subsidiary of Egana
“Joint Asset”	Joint Asset International Limited, a wholly-owned subsidiary of Peninsula International Limited
“Lifestyle”	Lifestyle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Lifestyle Board”	board of the Lifestyle Directors
“Lifestyle Convertible Bonds”	convertible bonds to be issued to the Bond Subscriber as constituted by an instrument to be made by Egana and the Issuer in accordance with the provisions of the Subscription Agreement
“Lifestyle Director(s)”	director(s) of Lifestyle
“Lifestyle EGM”	extraordinary general meeting of Lifestyle to be held for the purpose of considering, and if thought fit, passing the relevant resolution to approve the Subscription
“Lifestyle Group”	Lifestyle and its subsidiaries
“Lifestyle Share(s)”	ordinary share(s) of HK\$0.005 each in the issued share capital of Lifestyle
“Lifestyle Shareholder(s)”	holder(s) of the Lifestyle Shares

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	maturity date of the Lifestyle Convertible Bonds and the Participating Creditors’ Convertible Bonds being the date immediately following the expiration of 2 years and 14 days from the Effective Date
“New Guarantees”	the Participating Creditors’ Convertible Bonds Guarantee and the Participating Creditors’ Restructured Debt Guarantee
“New Guarantors”	selected major subsidiaries of Egana which will grant certain guarantees in respect of the Participating Creditors’ Restructured Debt, the Participating Creditors’ Convertible Bonds and the Lifestyle Convertible Bonds
“Non-Participating Creditors”	the Egana Group’s bank creditors who do not participate in the debt restructuring contemplated under the Restructuring Proposal with an aggregate net indebtedness of approximately HK\$152.9 million owed by the Egana Group to them as at the Cut-Off Date
“Participating Creditors”	the Egana Group’s bank creditors who participate in the debt restructuring contemplated under the Restructuring Proposal with an aggregate indebtedness and net indebtedness of approximately HK\$3.7 billion and HK\$3.58 billion respectively owed by the Egana Group to them as at the Cut-Off Date
“Participating Creditors’ Convertible Bonds”	HK\$80,000,000 zero coupon guaranteed convertible bonds due 2010 (as constituted by a trust deed) to be issued by the Issuer to the Participating Creditors in accordance with the provisions of the Participating Creditors’ CB Subscription Agreement
“Participating Creditors’ Convertible Bonds Guarantee”	guarantee to be executed by the New Guarantors in favour of the security agent and trustee under the Participating Creditors’ Convertible Bonds for the Participating Creditors as security for the Participating Creditors’ Convertible Bonds
“Participating Creditors’ CB Subscription Agreement”	agreement to be entered into among the Issuer, Egana, CITIC Ka Wah Bank Limited and the Participating Creditors in relation to the subscription of the Participating Creditors’ Convertible Bonds
“Participating Creditors’ Debt”	aggregate principal amount owing by the Debtors to the Participating Creditors as at the Cut-Off Date in the total amount of approximately HK\$3.7 billion together with all interest, commission, fees and other amounts payable thereon
“Participating Creditors’ Restructured Debt”	aggregate amount to be paid by the Debtors to the Participating Creditors in accordance with the Debt Restructuring Agreement, being an amount equal to the aggregate of HK\$1,920 million (less the amount payable to the Fully Secured Creditors as contemplated under the Debt Restructuring Agreement) and the interest payable thereon

“Participating Creditors’ Restructured Debt Guarantee”	guarantee to be executed by the New Guarantors in favour of the security agent for the Participating Creditors as security for the payment of the specified amounts under the Debt Restructured Agreement and certain existing loan documents up to an amount equal to the Participating Creditors’ Restructured Debt
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Restructuring Opinion”	a restructuring opinion confirming the Egana Group’s ability to achieve the Restructuring Plan to be prepared by KPMG or the independent financial adviser appointed by the Participating Creditors in form and substance acceptable to the Coordinators acting on the instructions of the Participating Creditors
“Restructuring Plan”	a plan setting out the analyses conducted and measures approved, planned and/or implemented by and under the responsibility of the management of the Egana Group in connection with the current restructuring process to enable the Egana Group (or a substantial part of it) to continue on a going-concern basis for at least two years as the same may be amended from time to time during the restructuring period commencing on the Effective Date and ending on the date on which the Debt Restructuring Agreement terminates under any provision of the Debt Restructuring Agreement, provided that any proposed amendment that could have a material adverse effect on the Egana Group will be promptly notified to the Coordinators and will require the approval of the Coordinators acting on the instructions of the Participating Creditors
“Restructuring Proposal”	debt restructuring proposal of the Egana Group involving, among other things, the Subscription Agreement, the Debt Restructuring Agreement, the Participating Creditors’ CB Subscription Agreement, the Delinquent Debts Agreement and transactions (including the entering into of other agreements) contemplated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription by the Equity Subscriber and the Bond Subscriber of the Subscription Shares and the Lifestyle Convertible Bonds respectively pursuant to the Subscription Agreement
“Subscription Agreement”	agreement to be entered into among Lifestyle, the Equity Subscriber, the Bond Subscriber, Egana and the Issuer in relation to the Subscription
“Subscription Shares”	4,342,642,652 new Egana Shares to be allotted and issued to the Equity Subscriber pursuant to the Subscription Agreement

“Takeovers Code”	the Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code from the obligation of Lifestyle and its Concert Parties to make a mandatory general offer for all the Egana Shares not already or agreed to be acquired by them as a result of the subscription of the Subscription Shares and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Lifestyle Convertible Bonds
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Lifestyle International Holdings Limited
Lau Luen-hung, Thomas
Managing Director

By order of the board of
EganaGoldpfeil (Holdings) Limited
Michael Richard POIX
Chief Executive Officer

Hong Kong, 13 June 2008

As at the date of this announcement, the Lifestyle Board comprises two executive directors, namely, Messrs. Lau Luen Hung, Thomas and Doo Wai Hoi, William, four non-executive directors, namely Dató Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry, Mr. Lau Luen Hung, Joseph and Ms. Lau Yuk Wai, Amy and four independent non-executive directors, namely, Mr. Lam Siu Lun, Simon, Mr. Cheung Yuet Man, Raymond, The Hon. Shek Lai Him, Abraham and Mr. Hui Chiu Chung, Stephen.

The Lifestyle Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Egana Group) 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 (other than those relating to the Egana Group) in this announcement misleading.

As at the date of this announcement, the Egana 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 Egana Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Lifestyle Group) and confirm, having made all reasonable enquiries, 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 (other than those relating to the Lifestyle Group) in this announcement misleading.