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EGANA GOLDPFEIL

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

(Incorporated in the Cayman Islands with limited liability)

(stock code: 048)

AGREEMENT IN RELATION TO THE US\$35,000,000 0.5 PER CENT. CONVERTIBLE BONDS DUE 2006

Reference was made to the Company's announcements dated 27th February, 2003, 6th June, 2003 and 15th January, 2004 in relation to the issue of the Tranche 1 Bonds, Additional Tranche 1 Bonds, Tranche 2 Bonds and the Tranche 3 Bonds for an aggregate principal amount of US\$35,000,000 to CSFB. The Shares issued or to be issued under the Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds are not listed on any other recognized Stock Exchange other than The Stock Exchange of Hong Kong Limited.

The Company announced that on 5th May, 2005, the Company has entered into an Agreement with CSFB pursuant to which the Company and CSFB agreed to waive their respective rights, benefits or claims in relation to (i) the First Subscription Right; (ii) issuance and delivery of the Tranche 3 Bonds; and (iii) the Second Subscription Right. The Agreement was negotiated on an arm's length basis and the Directors consider that they are fair and reasonable so far as the Company is concerned.

THE TRANCHE 1 BONDS, ADDITIONAL TRANCHE 1 BONDS, TRANCHE 2 BONDS AND THE FIRST SUBSCRIPTION RIGHT

Reference was made to the Company's announcements dated 27th February, 2003, 6th June, 2003 and 15th January, 2004 in relation to the issue of up to US\$35,000,000 0.5 per cent. convertible bonds to CSFB under the First Subscription Agreement and the Second Subscription Agreement.

As at the date of this announcement, the Company has granted to CSFB the Tranche 1 Bonds, the Additional Tranche 1 Bonds and Tranche 2 Bonds for an aggregate principal amount of US\$25,000,000. The table below shows the total principal amount of the Bonds converted, the outstanding amount of the Bonds not yet converted and the total number of Shares to be issued upon the exercise of the First Subscription Right at the date of this announcement:-

	Tranche 1 Bonds	Additional Tranche 1 Bonds	Tranche 2 Bonds	Total
Total principal amount of Bonds granted to CSFB	US\$10,000,000	US\$5,000,000	US\$10,000,000	US\$25,000,000
Total principal amount of Bonds converted into Shares	US\$9,900,000	US\$2,600,000	US\$4,500,000	US\$17,000,000
Total outstanding amount of Bonds not yet converted into Shares	US\$100,000	US\$2,400,000	US\$5,500,000	US\$8,000,000
No. of Shares that could be subscribed by CSFB under the First Subscription Right (“the Subscription Shares”)	9,035,336 Subscription Shares at a fixed conversion price of HK\$1.6184	4,497,972 Subscription Shares at a fixed conversion price of HK\$1.6184	7,066,098 Subscription Shares at a fixed conversion price of HK\$2.0604	20,599,406 Subscription Shares
Maturity Date for the outstanding amount of Bonds not yet converted into Shares and the Subscription Shares	27th February, 2006	27th February, 2006	27th February, 2006	

The 4,497,972 Subscription Shares is equivalent to 15% of the principal amount of US\$5,000,000 Additional Tranche 3 Bonds (converting into HK\$38,823,500 by using the predetermined exchange rate of US\$1.00 to HK\$7.7647) and then divided by the Base Price (as defined in the Company’s announcement dated 27th February, 2003) of HK\$1.2947. Due to the error in calculating the number of Subscription Shares under the Additional Tranche 1 Bonds in the Company’s announcement dated 27th February, 2003, the correct number of Subscription Shares under the Additional Tranche 1 Bonds should be “4,497,972” instead of “4,517,668” as disclosed in the said announcement.

The 7,066,098 Subscription Shares is equivalent to 15% of the principal amount of US\$10,000,000 Tranche 2 Bonds (converting into HK\$77,647,000 by using the predetermined exchange rate of US\$1.00 to HK\$7.7647) and then divided by the Base Price (as defined in the Company’s announcement dated 27th February, 2003) of HK\$1.6483.

The formula of the above calculation has already been disclosed in the Company’s announcements dated 27th February, 2003 and 15th January, 2004.

THE TRANCHE 3 BONDS AND THE SUBSCRIPTION RIGHT

Under the Second Subscription Agreement, the Company has granted to CSFB an additional option to require the Company to issue the Tranche 3 Bonds during the period from 15th January, 2005 to 27th February, 2006 together with the Second Subscription Right. For the purpose of illustration, the Tranche 3 Bonds and the Second Subscription Right would represent approximately 49,018,498 Shares and 8,000,000 subscription shares at an estimated fixed conversion price of HK\$2.28 (being 125% of the average closing price per Share for the 30 consecutive business days immediately prior to 6th May, 2005).

The estimated 49,018,498 Shares was calculated by converting the principal amount of the Tranche 3 Bonds of US\$10,000,000 into HK\$77,910,000 and then divided by the estimated floating conversion price of HK\$1.5894 (being 90% of the five lowest closing price per Shares during the 30 consecutive business day immediate prior to the date of the announcement). The 8,000,000 subscription share was calculated based on a pro-rata proportion of the Subscription Shares under the Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds against the Tranche 3 Bonds principal amount.

The price of the First Subscription Right represents a discount of approximately 0.05% and 0.03% to the closing price of HK\$1.87 per Share on 5th May, 2005 (“Closing Price”) and the average closing price of HK\$1.83 per Share for the last five business days up to 5th May, 2005 (“Average Closing Price”). The price of the Second Subscription Right represents a premium of approximately 0.22% and 0.25% to the Closing Price and Average Closing Price.

AGREEMENT

On 5th May, 2005, the Company has entered into an Agreement with CSFB pursuant to which the Company and CSFB agreed to waive their respective rights, benefits, and claims in relation to (i) the First Subscription Right (the options granted by the Company to CSFB to subscribe for an additional 20,599,406 Shares under the Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds); (ii) the issuance and delivery of the Tranche 3 Bonds; and (iii) the Second Subscription Right (the option granted by the Company to CSFB to subscribe for an additional 8,000,000 Shares under the Tranche 3 Bonds) at a total consideration (“the Consideration”) of US\$2,511,307 (HK\$19,565,592.84).

The Consideration was determined with reference to the estimated profit CFSB will gain if CSFB exercises its rights under the First Subscription Right, the Tranche 3 Bonds and the Second Subscription Right to subscribe/convert for a total of approximately 77,617,903 Shares. The estimated profit represents the difference between the fixed conversion price of HK\$2.0604 per Subscription Share and the Average Closing Price of HK\$1.83 per Share. The Consideration did not include any elements of penalty or interest imposed on the Company as a result of entering into the Agreement.

The Consideration, which will be funded entirely from the Company’s available internal financial resources, will be paid by the Company to CSFB in cash on or before 19th May, 2005.

RELEASE AND DISCHARGE

Upon payment of the Consideration, each party is released and discharged from any liability to the other party and/or any other person on behalf of it (including its successors and assigns), of any kind, whether direct or indirect, foreseen or unforeseen, contingent or actual, present or future, arising or capable of arising out of, or in any way connected with or relating to the First Subscription Right, the Tranche 3 Bonds and the Second Subscription Right.

Each party covenants not to bring any claims or commence any proceedings whatsoever in any jurisdiction against the other party arising out of, or in any way connected with, or relating to the First Subscription Right, the Tranche 3 Bonds and the Second Subscription Right.

REASONS FOR ENTERING INTO THE AGREEMENT

The Company in order to prevent the shareholders' interests of the Company from further dilution and to maximise the Shareholders' value is obliged to enter into the Agreement.

GENERAL

At the date of this announcement, the issued ordinary share capital of the Company is HK\$1,246,756,051 comprising 1,246,756,051 Shares. Mr. Hans-Joerg SEEBERGER, the single largest shareholder of the Company, currently holds 478,620,553 Shares, representing approximately 38.60% of the existing issued ordinary share capital of the Company.

The terms of the Agreement were negotiated on an arm's length basis and the Directors believe that they are fair and reasonable so far as the Company is concerned and is in the interest of the Company and its shareholders as a whole.

After the payment of the Consideration, the First Subscription Right, the Tranche 3 Bonds and the Second Subscription Right will be lapsed automatically.

DEFINITIONS

“Additional Tranche 1 Bonds”	Convertible bonds due 2006 with an aggregate amount of US\$5,000,000 issued by the Company to CSFB under the First Subscription Agreement
“Bonds”	The Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds
“Company”	EganaGoldpfeil (Holdings) Limited, the securities of which are listed on the Stock Exchange
“CSFB”	Credit Suisse First Boston (Hong Kong) Limited
“Directors”	the directors of the Company

“First Subscription Agreement”	The agreement dated 27th February, 2003 entered into between the Company and CSFB (as amended by a letter agreement dated 11th June, 2003 and an agreement dated 15th January, 2004) in connection with the issue of the Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds
“First Subscription Right”	The options granted by the Company to CSFB in respect of each of the Tranche 1 Bonds, Additional Tranche 1 Bonds and Tranche 2 Bonds to subscribe for Shares of the Company under the First Subscription Agreement
“Second Subscription Agreement”	The agreement dated 15th January, 2004 entered into between the Company and CSFB in connection with the issue of the Tranche 3 Bonds
“Second Subscription Right”	The option granted by the Company to CSFB in respect of the Tranche 3 Bonds to subscribe for Shares of the Company under the Second Subscription Agreement
“Share(s)”	Ordinary Share(s) of HK\$1.00 each in the capital of the Company
“Tranche 1 Bonds”	Convertible bonds due 2006 with an aggregate amount of US\$10,000,000 issued by the Company to CSFB under the First Subscription Agreements
“Tranche 2 Bonds”	Convertible bonds due 2006 with an aggregate amount of US\$10,000,000 issued by the Company to CSFB under the First Subscription Agreements
“Tranche 3 Bonds”	Convertible bonds due 2006 with an aggregate amount of up to US\$10,000,000 which are to be issued by the Company to CSFB pursuant to an option granted by the Company to CSFB under the Second Subscription Agreement

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

By Order of the Board
David Wai Kwong WONG
Company Secretary

Hong Kong, 10th May, 2005

Please also refer to the published version of this announcement in The Standard and South China Morning Post.