

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**CAUSE NO 333 OF 2006**

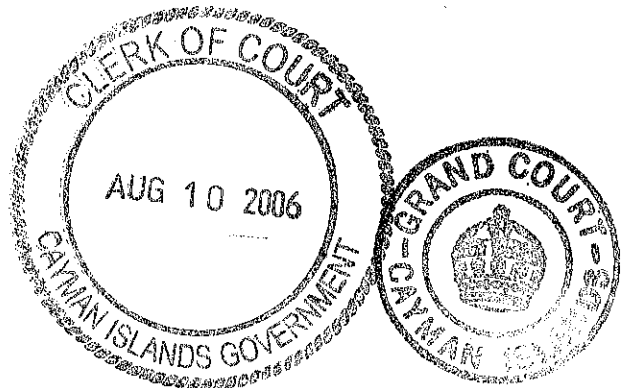
**In the matter of Egana Jewellery & Pearls Limited**

**And in the matter of the Companies Law (2004 Revision)**

**And Grand Court Rules 1995 Order 102 rule 21**

**PETITION**

**TO:** The Grand Court of the Cayman Islands



**THE PETITION of Egana Jewellery & Pearls Limited shows as follows:**

1. The object of this Petition is to seek an Order of the Court pursuant to section 86 of the Companies Law (2004 Revision) (the "Companies Law") sanctioning a scheme of arrangement between the Petitioner, **Egana Jewellery & Pearls Limited** (the "Company") and the Scheme Shareholders as defined in the Scheme of Arrangement referred to in paragraph 7 hereof.
2. The Company was incorporated under the Companies Law on 25 April, 1997 and registered in the Cayman Islands as an exempted company with registration number CR-73250.
3. The registered office of the Company is situated at The Harbour Trust Co. Ltd., P.O. Box 1787, Second Floor, One Capital Place, George Town, Grand Cayman, Cayman Islands.
4. As at the date of this petition, the authorised share capital of the Company is HK\$250,000,000 divided into 500,000,000 Shares of HK\$0.50 each and its issued share capital is HK\$225,276,410.50 divided into 450,552,821 Shares which have been fully paid-up or credited as fully paid-up.

5. The Shares are listed on the Main Board ("Main Board") of The Stock Exchange of Hong Kong Limited.
6. The objects for which the Company was established are unrestricted and include carrying on the business as an investment company and as an investment holding company and to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioner, trust, local authority or other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being.
7. The purpose of the proposed scheme of arrangement (the "Scheme of Arrangement") is to privatise the Company by cancelling and extinguishing on the effective date of the Scheme of Arrangement, all of the Scheme Shares (as defined in the Scheme of Arrangement) that is to say all the issued shares in the capital of the Company other than those held by EganaGoldpfeil (Holdings) Limited and its subsidiaries, in consideration of which the holders of such cancelled and extinguished Scheme Shares shall receive the Cancellation Consideration (as defined in the Scheme of Arrangement) that is to say one share of HK\$1.00 each in the capital of EganaGoldpfeil (Holdings) Limited per 1.5 Scheme Share or HK\$1.80 per Scheme Share in cash (subject to an aggregate limit on the total cash available under the Scheme of Arrangement of HK\$130 million), such that the Company shall, thereafter, be wholly owned by EganaGoldpfeil (Holdings) Limited.
8. The Cancellation Consideration is in excess of the average closing prices of the Shares from the last trading date of the Shares being 6 July 2006 as detailed in the explanatory memorandum referred to in the Scheme of Arrangement. The Directors believe, under the current market conditions and based on the past performance of the Scheme Shares preceding the latest practicable date, the Cancellation Consideration is in excess of the price

at which the Scheme Shareholders (as defined in the Scheme of Arrangement) might receive for their Scheme Shares in the open market without the Scheme of Arrangement.

9. Since EganaGoldpfeil (Holdings) Limited is interested in approximately 54.63% of the issued share capital of the Company as at the date hereof, the Directors believe that it is unlikely that the Scheme Shareholders will receive any other offer to acquire their Shares from a third party without the consent of EganaGoldpfeil (Holdings) Limited.
10. The directors of the Company also believe the current market capitalisation of the Company may not be sufficient to retain public interest or interest from professional market researchers or analysts or from institutional investors.
11. Given the low liquidity of the Shares, the directors of the Company believe that the Company's ability to raise funds from the equity markets is currently limited and any significant improvement in this regard in the foreseeable future is unlikely. As the Company's listing status does not provide it with a viable fund-raising avenue for its business, the directors of the Company consider that the costs and management resources associated with the maintenance of the Company's listing on the Main Board and its publicly listed status are no longer warranted. The Scheme of Arrangement will also result in a leaner corporate structure and enhance operational efficiency and management accountability.
12. The proposed Scheme of Arrangement will not alter the underlying assets, trading operations or financial position of the Company nor will it affect the interests of its creditors.
13. The Company proposes to convene a court meeting in accordance with section 86 of the Companies Law to be held on or about 11 September, 2006 (the "Court Meeting") at which the following resolution will be considered :

*"THAT a scheme of arrangement (the "Scheme of Arrangement") dated [     ], 2006*

*between the Company and the holders of the Scheme Shares (as defined in Scheme of Arrangement) in the form of the printed document contained in a composite document which has been submitted to this meeting marked "A" and, for the purpose of identification, signed by the chairman of this meeting, with any modification thereof or addition thereto or subject to any conditions approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved."*

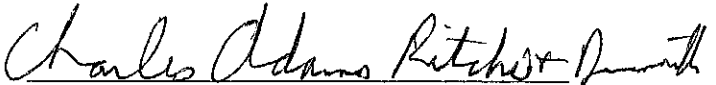
Each of the capitalised terms referred to in the resolution above are defined in the composite scheme document exhibited as exhibit "DWKW-1" to the affidavit of David Wai Kwong Wong.

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Scheme of Arrangement of the Company to be approved at the Court Meeting to be convened at the direction of this Honourable Court as set forth in paragraph 13 of this Petition may be sanctioned by this Honourable Court.
- (2) That to this end, all necessary inquiries and directions may be made and given.
- (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Egana Jewellery & Pearls Limited, at its registered office located at The Harbour Trust Co. Ltd., P.O. Box 1787, Second Floor, One Capital Place, George Town, Grand Cayman, Cayman Islands.

DATED THIS 10<sup>th</sup> DAY OF AUGUST 2006.

  
**Attorneys-at-Law for the Petitioner herein**

This Petition was filed by Charles Adams, Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for acceptance of service is that of its said Attorneys-at-Law, P.O. Box 709G, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands, B.W.I.

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