

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 385 OF 2006

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

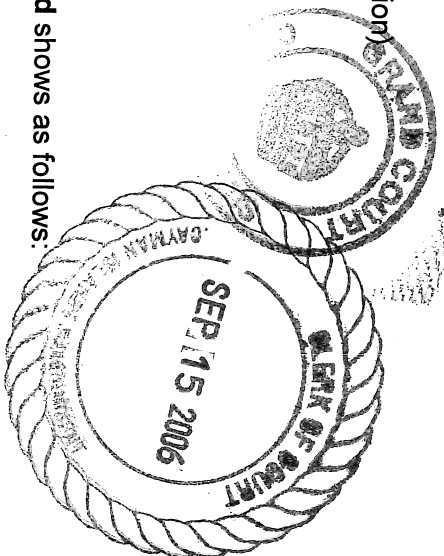
And in the matter of the Companies Law (2004 Revision)

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 15 of the Companies Law (2004 Revision) (the "Companies Law") confirming a reduction of the capital of the Petitioner, Egana Jewellery & Pearls Limited (the "Company").
2. The Company was incorporated on 25 April 1997 under the Companies Law 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 Articles of Association of the Company provide, *inter alia*, as follows:

Article 63(b) *"The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by Law."*

8. By a special resolution of the Company duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 11 September, 2006, (the "Extraordinary General Meeting"), it was resolved:

"THAT,

(A) for the purpose of giving effect to the Scheme of Arrangement dated 18 August, 2006 (the "Scheme of Arrangement") between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement), on the Effective Date (as defined in the Scheme of Arrangement):

- (i) the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement) in consideration of which holders of the Scheme Shares will receive one share of HK\$1.00 each in the capital of Eganagoldfeil (Holdings) Limited per 1.5 Scheme Share or HK\$1.80 in cash (subject to the limit on the total cash available under the Scheme of Arrangement, that is, HK\$130 million) for each Scheme Share or a combination of both; and

(ii) the credit arising in the books of account of the Company as a result of the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in paragraph A(i) above being credited to a distributable reserve of the Company.

(collectively, the "Capital Reduction"); and

(B) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the Capital Reduction, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement and the Capital Reduction, which the Grand Court of the Cayman Islands may see fit to impose."

Each of the capitalised terms referred to in the special resolution above are defined in the composite scheme document containing the proposed scheme of arrangement (the "Scheme of Arrangement") between the Company and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) exhibited as exhibit "DWKW-5" to the first affidavit of David Wai Kwong Wong.

9. The number of shareholders of the Company present and voting in person or by proxy at the Extraordinary General Meeting was as set out in the table below:-

Present & Voting		For		Against	
Number of Shares voted	Percentage %	Number of Shares voted	Percentage %	Number of Shares voted	Percentage %
359,772,284	100%	359,404,284	99.90%	368,000	0.10%

A total of 359,772,284 Shares were voted either in person or by proxy at the Extraordinary General Meeting, of which 359,404,284 Shares (amounting to

approximately 99.90% of the Shares voted at the Extraordinary General Meeting) were voted in favour of the special resolution and 368,000 Shares (amounting to approximately 0.10% of the Shares voted at the Extraordinary General Meeting) were voted against the special resolution. The special resolution to approve and give effect to the reduction of the issued share capital of the Company as a result of the Scheme of Arrangement was duly passed by a majority of at least three-fourths of votes cast by the shareholders present and voting, in person or by proxy at the Extraordinary General Meeting, satisfying the majority for a special resolution required to approve the Capital Reduction under the Articles of Association of the Company.

10 The proposed Capital Reduction arises as a result of the cancellation and extinguishment (the "Cancellation and Extinguishment") on the effective date of the Scheme of Arrangement, of 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 Eganagoldfeil (Holdings) Limited and its subsidiaries, in consideration of which the holders of such cancelled and extinguished Scheme Shares will receive the consideration payable under the Scheme of Arrangement that is to say one share of HK\$1.00 each in the capital of Eganagoldfeil (Holdings) Limited per 1.5 Scheme Share or HK\$1.80 per Scheme Share in cash or a combination of both subject to the 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 Eganagoldfeil (Holdings) Limited. The Cancellation and Extinguishment will result in the issued share capital of the Company being reduced from HK\$225,276,410.50 divided into 450,552,821 Shares to HK\$123,060,572 divided into 246,121,144 Shares.

11. The proposed Capital Reduction does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. Furthermore, the Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company.

12. The form of Minute proposed to be registered is as follows:

"The issued ordinary share capital of Egana Jewellery & Pearls Limited was by virtue of a Special Resolution passed on 11 September, 2006 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [insert date], 2006, reduced from HK\$225,276,410.50 divided into 450,552,821 shares of HK\$0.50 each to HK\$123,060,572 divided into 246,121,144 shares of HK\$0.50 each (the "Capital Reduction"). At the date of the registration of this Minute, all such shares have been issued and are fully paid up or deemed to be fully paid up.

The authorised share capital of the Company, on the registration of this Minute, will remain HK\$250,000,000.00 divided into 500,000,000 shares of HK\$0.50 each."

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reduction of the Company proposed to be effected by the special resolution set forth in paragraph 8 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the 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.

Notice of Hearing

This Petition having been presented to the Court on the day of September, 2006 will be heard at the Law Courts, George Town, Grand Cayman on the 20th day of October, 2006 at a.m./p.m. or as soon thereafter as the Petition can be heard.

DATED THIS 15th DAY OF September, 2006.

Charles Adams Ritchie & Duckworth
CHARLES ADAMS RITCHIE & DUCKWORTH
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 Applicant herein whose address for service is that of its Attorneys, P.O. Box 709GT, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.

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

And Grand Court Rules 1995 Order 102

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