

The board of directors (the "Directors") of Egana Jewellery & Pearls Limited (the "Company") is pleased to announce the unaudited consolidated condensed results of the Company and its subsidiaries (the "Group") for the six months ended 30th November, 2002 together with the comparative figures for the six months ended 30th June, 2001 which are summarised as under. These results have been reviewed by the Audit Committee of the Company.

## UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended	
		30th November, 2002	30th June, 2001
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	3	<b>369,300</b>	253,995
Cost of sales		<b>(217,057)</b>	(115,310)
Gross profit		<b>152,243</b>	138,685
Other revenues		<b>16,333</b>	5,307
Distribution costs		<b>(47,195)</b>	(43,243)
Administrative expenses		<b>(72,691)</b>	(82,845)
Operating profit		<b>48,690</b>	17,904
Finance costs		<b>(6,951)</b>	(7,837)
Profit before taxation	3, 4	<b>41,739</b>	10,067
Taxation	5	<b>(2,649)</b>	154
Profit after taxation but before minority interests		<b>39,090</b>	10,221
Minority interests		<b>(46)</b>	—
Profit attributable to shareholders		<b>39,044</b>	10,221
Dividends	6	<b>18,612</b>	4,653
Earnings per share	7		
Basic		<b>12.59 cents</b>	3.29 cents
Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30th November, 2002 (unaudited) <i>HK\$'000</i>	Six months ended 30th June, 2001 (unaudited) <i>HK\$'000</i>
Opening balance — Total equity	405,878	336,730
Deficit on revaluation of investments in non-trading securities	<b>(2,885)</b>	—
Exchange differences on translation of the financial statements of foreign subsidiaries	<b>6,288</b>	(9,812)
Net gains and losses not recognised in the profit and loss account	<b>3,403</b>	(9,812)
Net profit for the period	<b>39,044</b>	10,221
Issue of share capital	—	3
Premium arising from issue of share capital	—	10
Closing balance — Total equity	<b>448,325</b>	337,152

## CONSOLIDATED BALANCE SHEET

	Note	As at 30th November, 2002 (Unaudited) HK\$'000	As at 31st May, 2002 (Audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets	8	33,313	29,827
Intangible assets	9	23,040	27,998
Investments in non-trading securities	10	94,762	97,647
Interest in an associate		(55)	(57)
		<u>151,060</u>	<u>155,415</u>
<b>Current assets</b>			
Cash and bank balances		69,119	112,645
Inventories		136,909	179,213
Promissory notes		140,940	25,806
Due from fellow subsidiaries		35,975	99,755
Due from a related company		288	200
Accounts receivable, net	11	119,136	69,203
Royalty deposit		22,873	25,526
Deposits, prepayments and other receivables		60,156	78,585
Short-term investment		—	8,500
Dividend receivable		—	2,625
		<u>585,396</u>	<u>602,058</u>
<b>Current liabilities</b>			
Short-term bank borrowings		(160,116)	(144,546)
Long-term bank borrowings			
— current portion		(14)	(524)
Accounts payable	12	(35,881)	(73,466)
Other payable and accruals		(37,820)	(49,384)
Bills payable		(31,676)	(51,728)
Obligations under finance lease			
— current portion		(164)	(176)
Due to fellow subsidiaries		(11,773)	(14,832)
Due to Directors		(101)	(41)
Notes payable		—	(2,461)
Other loan		(130)	(120)
Taxation payable		(6,611)	(5,338)
		<u>(284,286)</u>	<u>(342,616)</u>
<b>Net current assets</b>		<u>301,110</u>	<u>259,442</u>
<b>Total assets less current liabilities</b>		<u>452,170</u>	<u>414,857</u>
<b>Non-current liabilities</b>			
Long-term liabilities		(1,381)	(6,560)
Deferred taxation		(2,392)	(2,392)
		<u>(3,773)</u>	<u>(8,952)</u>
<b>Minority interests</b>		<u>(72)</u>	<u>(27)</u>
<b>Net assets</b>		<u>448,325</u>	<u>405,878</u>
<b>Shareholders' equity</b>			
Share capital	13	155,103	155,103
Reserves	14	274,610	250,775
Proposed interim dividend		18,612	—
		<u>448,325</u>	<u>405,878</u>

## CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30th November, 2002 (Unaudited)	30th June, 2001 (Unaudited, restated)
	HK\$'000	HK\$'000
Cash generated by/(used in) operations	<b>59,594</b>	(17,142)
Interest paid	<b>(5,897)</b>	(7,084)
Tax paid	<b>(1,403)</b>	(1,273)
Tax refund	<b>—</b>	2,821
	<hr/>	<hr/>
Net cash from/(used in) operating activities	<b>52,294</b>	(22,678)
Net cash used in investing activities	<b>(44,960)</b>	(19,894)
Net cash from financing activities	<b>9,309</b>	13,284
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>16,643</b>	(29,288)
Cash and cash equivalents at		
1st June, 2002/1st January, 2001	<b>138,451</b>	134,975
Effect of foreign exchange rate changes	<b>350</b>	(397)
	<hr/>	<hr/>
Cash and cash equivalents at		
30th November, 2002/30th June, 2001	<b>155,444</b>	105,290
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>69,119</b>	105,290
Promissory notes	<b>86,325</b>	—
	<hr/>	<hr/>
	<b>155,444</b>	105,290
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Notes:

## 1. Share consolidation

On 4th September, 2002, an ordinary resolution was passed at an extraordinary general meeting of the Company pursuant to which every 10 shares of HK\$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$0.50 each. The share consolidation became effective on 5th September, 2002.

## 2. Basis of preparation and principal accounting policies

The condensed interim accounts have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The condensed interim accounts have been prepared under the historical cost convention, as modified for the revaluation of leasehold land and buildings and investments in non-trading securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the seventeen months period ended 31st May, 2002, except as described below.

In the current period, the Group has adopted, for the first time, a number of revised and new SSAPs as follows:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

The adoption of these revised and new SSAPs has resulted in the adoption of the following revised and new accounting policies and changes in the presentation of cash flow statement and the statement of changes in equity.

SSAP 11 (Revised) has eliminated the choice of translating the profit and loss account of overseas subsidiaries at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group's overseas subsidiaries are translated at the exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or expense in the period in which the Group's overseas subsidiary is disposed of.

Under SSAP 15 (Revised), cash flows are now classified under three headings including operating, investing and financing activities. Interests and dividends paid which were previously presented under a separate heading are now classified as operating and financing cash flows respectively, whereas interests and dividends received are now classified as investing cash flows. Cash flows arising from taxes on income are now classified as operating activities, unless they can be separately identified with investing and financing activities.

The adoption of these revised and new accounting policies had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

Notes: (continued)

### 3. Segmental information

(a) Primary reporting format — business segments

The Group's businesses are managed according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit which is subject to risks and returns that are different from those of other business segments.

	Six months ended 30th November, 2002		
	Jewellery products HK\$'000	Strategic investments HK\$'000	Group HK\$'000
Turnover	369,300	—	369,300
Segment results	48,690	—	48,690
Finance costs			(6,951)
Profit before taxation			41,739
Taxation			(2,649)
Profit after taxation			39,090
Minority interests			(46)
Profit attributable to shareholders			39,044
Segment assets	641,831	94,680	736,511
Interest in an associate	(55)	—	(55)
Total assets	641,776	94,680	736,456
Segment liabilities	(288,059)	—	(288,059)
Total liabilities	(288,059)	—	(288,059)
Capital expenditure	8,265	—	8,265
Depreciation	4,725	—	4,725
Amortisation	1,077	—	1,077
Bad debt expense	2,414	—	2,414

Notes: (continued)

**3. Segmental Information** (continued)

(a) Primary reporting format — business segments (continued)

	<b>Six months ended 30th June, 2001</b>		
	<b>Jewellery products</b> <i>HK\$'000</i>	<b>Strategic investments</b> <i>HK\$'000</i>	<b>Group</b> <i>HK\$'000</i>
Turnover	253,995	—	253,995
Segment results	17,904	—	17,904
Finance costs			(7,837)
Profit before taxation			10,067
Taxation			154
Profit after taxation			10,221
Minority interests			—
Profit attributable to shareholders			10,221
Capital expenditure	1,403	—	1,403
Depreciation	5,148	—	5,148
Amortisation	1,427	—	1,427
Bad debt expense	3,358	—	3,358
	<b>As at 31st May, 2002</b>		
	<b>Jewellery products</b> <i>HK\$'000</i>	<b>Strategic investments</b> <i>HK\$'000</i>	<b>Group</b> <i>HK\$'000</i>
Segment assets	659,883	97,647	757,530
Interest in an associate	(57)	—	(57)
Total assets	659,826	97,647	757,473
Segment liabilities	(351,568)	—	(351,568)
Total liabilities	(351,568)	—	(351,568)

Notes: (continued)

### 3. Segmental information (continued)

(b) Secondary reporting format — geographical segments

The Group's operations are mainly located in Europe, Asia Pacific and America.

In determining the Group's geographical segments, turnover and results attributed to the segments were based on the destination of delivery of merchandise. Segment assets and capital expenditures were based on the geographical location of the assets.

	Six months ended 30th November, 2002		As at 30th November, 2002	
	Turnover	Segment results	Capital expenditure	Total assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Europe	323,670	47,442	451	223,994
America	36,000	(133)	1,541	65,041
Asia Pacific	9,630	1,381	6,273	447,476
	<u>369,300</u>	<u>48,690</u>	<u>8,265</u>	<u>736,511</u>
Interest in an associate				(55)
Total assets				<u>736,456</u>

	Six months ended 30th June, 2001		As at 31st May, 2002	
	Turnover	Segment results	Capital expenditure	Total assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Europe	213,395	25,636	272	297,655
America	16,512	(11,415)	322	65,673
Asia Pacific	24,088	3,683	809	394,202
	<u>253,995</u>	<u>17,904</u>	<u>1,403</u>	<u>757,530</u>
Interest in an associate				(57)
Total assets				<u>757,473</u>



Notes: (continued)

#### 4. Profit before taxation

The Group's profit before taxation is arrived at after crediting and charging the following:

	Six months ended	
	30th November, 2002 HK\$'000	30th June, 2001 HK\$'000
Crediting:		
Interest Income	6,602	4,514
Exchange gain, net	8,054	—
Charging:		
Depreciation of fixed assets	4,725	5,148
Amortisation of intangible assets	1,077	1,427
Interest expenses	5,481	7,356
Exchange loss, net	—	11,066

#### 5. Taxation

Taxation comprised:

	Six months ended	
	30th November, 2002 HK\$'000	30th June, 2001 HK\$'000
Company and subsidiaries —		
Hong Kong profits tax		
— Provision for current period	2,500	500
Overseas income tax		
— Provision for current period	149	76
— Overprovision in prior periods	—	(730)
	<u>2,649</u>	<u>(154)</u>
Associate —		
Hong Kong profits tax		
— Provision for current period	—	—
Overseas income tax		
— Provision for current period	—	—
	<u>2,649</u>	<u>(154)</u>

Hong Kong profits tax was provided at the rate of 16% (period ended 30th June, 2001: 16%) on the estimated assessable profit arising in or derived from Hong Kong. Overseas income tax was provided by subsidiaries with overseas operations on their estimated assessable profits for the period at the tax rates applicable in the countries in which the subsidiaries operated.

Notes: (continued)

## 6. Interim dividend

The Directors have resolved to declare an interim dividend of HK6 cents per share (period ended 30th June, 2001: HK0.15 cent per share based upon the number of shares prior to share consolidation as described in Note 1) payable on 29th April, 2003 to shareholders whose names appear on the register of members of the Company on 19th March, 2003.

## 7. Earnings per share

Basic earnings per share

Basic earnings per share was calculated based on the consolidated profit attributable to shareholders for the period of approximately HK\$39,044,000 (period ended 30th June, 2001: HK\$10,221,000) and the weighted average number of ordinary shares of approximately 310,206,000 (period ended 30th June, 2001: 310,200,500) in issue during the period. The weighted average number of ordinary shares for the period ended 30th June, 2001 has been adjusted for the share consolidation as described in Note 1.

Diluted earnings per share

There was no diluted earnings per share for the periods ended 30th November, 2002 and 30th June, 2001 as the Company has no dilutive potential ordinary share.

## 8. Fixed assets

	<b>Property, plant and equipment</b> <i>HK\$'000</i>
Carrying value as at 1st June, 2002	29,827
Additions	8,199
Exchange adjustments and disposals	12
Charge for the period	(4,725)
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Carrying value as at 30th November, 2002	33,313
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## 9. Intangible assets

	<i>HK\$'000</i>
Carrying value as at 1st June, 2002	27,998
Additions	66
Exchange adjustments and disposals	(3,947)
Charge for the period	(1,077)
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Carrying value as at 30th November, 2002	23,040
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Notes: (continued)

#### 10. Investments in non-trading securities

At 30th November, 2002, the investments in non-trading securities were stated at fair values which were determined by the Directors and the revaluation deficit of approximately HK\$2,885,000 was recorded in the revaluation reserve. In the opinion of the Directors, there were no indication of impairment in the carrying values of the investments.

#### 11. Accounts receivable aging analysis

The Group allows an average credit period of 30-90 days to its trade customers. Aging analysis of accounts receivable after provision for bad and doubtful debts is as follows:

	<b>As at 30th November, 2002</b>	<b>As at 31st May, 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
In current month	97,841	53,902
Between 1 to 2 months	8,336	4,904
Between 2 to 3 months	5,154	4,177
Between 3 to 4 months	463	1,093
Over 4 months	7,342	5,127
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	119,136	69,203
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#### 12. Accounts payable aging analysis

Aging analysis of accounts payable is as follows:

	<b>As at 30th November, 2002</b>	<b>As at 31st May, 2002</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
In current month	23,253	63,900
Between 1 to 2 months	7,163	3,268
Between 2 to 3 months	1,613	1,048
Between 3 to 4 months	1,166	418
Over 4 months	2,686	4,832
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	35,881	73,466
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Notes: (continued)

### 13. Share capital

	Number of shares	Nominal value of each share <i>HK\$</i>	Nominal value of shares <i>HK\$'000</i>
Before share consolidation			
Balance as at 1st June, 2002	3,102,058,695	0.05	155,103
After share consolidation			
Balance as at 30th November, 2002	310,205,869	0.50	155,103

### 14. Reserves

	Share premium account <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st June, 2002	31,227	(18,419)	136,769	68,814	32,314	70	250,775
Profit for the period ended 30th November, 2002	—	—	39,044	—	—	—	39,044
Interim dividend declared	—	—	(18,612)	—	—	—	(18,612)
Deficit on revaluation of non-trading securities	—	—	—	—	(2,885)	—	(2,885)
Exchange differences arising on translation of overseas subsidiaries' financial statements	—	6,288	—	—	—	—	6,288
At 30th November, 2002	31,227	(12,131)	157,201	68,814	29,429	70	274,610

Notes: (continued)

## 15. Related party transactions

- a. During the period, the Group had the following material transactions with EganaGoldpfeil (Holdings) Limited and its subsidiaries excluding the Group ("EganaGoldpfeil Group") which also constituted connected transactions as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited:

	Six months ended	
	30th November, 2002 (Unaudited) HK\$'000	30th June, 2001 (Unaudited) HK\$'000
Sales of goods/services	3,280	3,157
Purchases of goods	2,446	82
Interest income	1,681	1,604
Allocation of operating costs	39,203	40,954
Management fee expenses	6,421	4,688
Royalty fee expenses	8,650	8,442

Notes:

- i. Sales and purchases of goods were determined with reference to published prices and market conditions.
  - ii. Interest was charged at the commercial rate.
  - iii. Cost allocation, management fee expenses and royalty fee expenses were charged according to the terms of the relevant agreements.
- b. The Group paid HK\$516,975 (period ended 30th June, 2001: HK\$547,975) to International Taxation Advisory Services Limited, of which Mr. David Wai Kwong WONG, a non-executive Director of the Company, is a director, for corporate advisory services rendered. The Directors consider that the fees were paid according to prices and conditions similar to those offered by other external consultants of the Group.

## 16. Contingent liabilities

Contingent liabilities in respect of bills discounted with recourse at 30th November, 2002 was approximately HK\$7,556,000 (year ended 31st May, 2002: HK\$11,660,000).

## 17. Review of interim financial statements

The Company's Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30th November, 2002.

## **BUSINESS REVIEW AND PROSPECTS**

Echoing the promising revenue growth in the 5 months to 31st May, 2002 of 9% as evident in our 2002 Annual Report, the first 6 months of this financial year 2002/03 continued to record robust revenue increment.

As compared to the first interim of 2001/02, the revenue for the period under review enjoyed a remarkable 45% increase, reaching HK\$369.30 million.

This is attributable to our proactiveness in rationalizing our growth strategy from acquisition to focusing on product and business development which has been effective in 2001/02. This redefined strategy to steer the corporate direction is not a coincidence, and is indeed a calculated one - having regard to the Group's 4-year business plan since its IPO in 1998 that we managed to have our core platform, through appropriate acquisitions and mergers, soundly in place in 2001 to enable us to be better poised, and continue to capitalize on our internal strength and resources to prepare for the challenges ahead of us.

With the anticipated continuous growth in orders due to our successful marketing concept, and our commitment to increase the portion of in-house production for ongoing quality standard upgrade, better economies of scale and response time enhancement, an additional production facility was established in China and started operations in August 2002, sharing the proven success of our Speidel factory in Nanao in transferring cutting-edge technology and knowhow from Germany.

In this highly competitive business environment, we are pleased to be able to maintain a satisfactory gross margin which allows us to continuously develop and assemble the products with best quality standards. In addition to the vertically integrated manufacturing strength, the well established distribution network in Europe, a balanced portfolio of recognized brands in the upscale and fashion segments, and the customer satisfaction commitment are our core competitive advantages that enable us to be performing ahead in the industry.

In the ensuing period, EganaGoldpfeil Group has commenced to consolidate its 5 operations in Germany into a European Headquarters situate in Germany, and to establish a European Technology and Logistics Centre in close proximity to the new European Headquarters (to replace the existing 6 distribution centers) with anticipated full operation in 4Q 2003. Egana Jewellery, being a member of EganaGoldpfeil Group, also participated in these two value adding projects, resulting in higher cost efficiency, moving forward.

In fact, in the interim of 2002/03, there already reflected a 4% (as a percentage of turnover) improvement in distribution cost, in the midst of a 45% increase in sales. The distribution efficiency heralds the preliminary success of the European Technology & Logistics Centre, which upon the anticipated full operation in 4Q 2003 will be bringing a more enduring advantage.

## **BUSINESS REVIEW AND PROSPECTS** *(continued)*

There was a 13% (as a percentage of turnover) reduction in administration expenses, thanks to the European Headquarters program for consolidating the key functions for a more cost effective business model; and the constant risk management review process, thereby eliminating the non-productive / less-profitable functions.

Europe contributed 87% of the Group's revenue, with 10% from the US and 3% from Asia. The trendy and fashion brands (e.g. MEXX, Esprit, JOOP!, Pierre Cardin and Katarina Witt by Dugena) which are well received in Europe with ongoing coverage extension, are perceived to have prospective entry potential for the vast Asian market, including the PRC where the Group has undertaken the necessary pre-market feasibility study, and started to gain its foothold through proper strategic alliance, network relationship and a co-ordinated rollover of the proven communications program instituted in Europe, to Asia.

In the US, we pursue the focus differentiation strategy in the upscale and prestigious segments that Kazto platinum diversification and Abel & Zimmermann are playing their active roles. There will be new concept collections in conjunction with big and famous brands to launch new series. Our platinum collections continue to be well accepted in the US and, to maximize anticipated benefit from our vertically integrated mechanism, our Thai production facility, Keimothai, will be fully geared to accommodate for such order fulfillment.

We will continue to capitalize upon our internal resources and competitive strengths to bring value to our customers, to maximize the return on investment for increasing the shareholder value, and to secure a leading position as a respected jewellery powerhouse to participate in growing the industry.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

With pragmatic business model and defined corporate strategy, the Group managed to weather through the economic downturn, and as a result secured a net profit margin of 10.6%, as compared to 4.02% in the first interim of 2001/02 or 4.9% for the entire financial period of 2001/02.

Profit from operations of HK\$48.69 million brought positive operating cash inflow with cash and cash equivalents as of 30th November, 2002 exceeding HK\$155 million. This is believed to be sufficient to meet the foreseeable working capital requirements and maintain a healthy operating cashflow.

The strong current ratio of 2.1x (2001/02: 1.8x) is a result of the tight credit policy and sound inventory management practice, as evident by the facts that the debtors turnover was maintained at 47 days (against industry norm of 120 days); and that the inventory turnover was at 133 days (30% enhancement from the 2001/02's 190 days).

The gearing ratio (interest bearing debt to consolidated tangible net worth) was continuously improving by 7.3%, to reach 0.38 (as compared to market average of 1.1x). The Group continues to maintain leverage ratio at a comfortable level (net borrowing to consolidated tangible net worth) of 0.22, which allows the Group to leverage its borrowing level further in an optimal manner to cope with future expansion.

There exists continuous enhancement in shareholders' funds, which was at HK\$448.33 million as of 30th November, 2002. There being no sign of impairment in value in the Company's investments and brand portfolio, the management considered that the independent valuation referred to in the 2002 Annual Report should prevail, with the Group's intrinsic value exceeding HK\$1.3 billion.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 17th March, 2003 to 19th March, 2003, both days inclusive, during which period no transfer of shares of the Company will be recorded.



## DIRECTORS' INTERESTS

As at 30th November, 2002, the interests of the Directors, chief executive and their associates in the securities of the Company and its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance were as follows:

### The Company

Directors	Personal interests	Number of Shares	
		Corporate interests	Total
Hans-Joerg SEEBERGER	—	230,494,099 (note i)	230,494,099
Peter Ka Yue LEE	73,651	1,114,838 (note ii)	1,188,489
Michael Richard POIX	373,398	—	373,398

### Associated corporation

#### EganaGoldpfeil (Holdings) Limited ("EganaGoldpfeil")

Directors	Personal interests	Number of Shares	
		Corporate interests	Total
Hans-Joerg SEEBERGER	—	446,698,475 (note iii)	446,698,475
Peter Ka Yue LEE	530,291	8,026,838 (note ii)	8,557,129
Michael Richard POIX	2,826,586	—	2,826,586
Shunji SAEKI	61,640 (note iv)	—	61,640

#### Notes:

- i. 1,044,955 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 Mr. Hans-Joerg SEEBERGER and his family. 229,449,144 shares were registered in the name of EganaGoldpfeil and its nominee. By virtue of his interest in EganaGoldpfeil pursuant to section 8 of the SDI Ordinance, Mr. Hans-Joerg SEEBERGER was deemed to be interested in these shares.
- ii. These shares were beneficially owned by Joshua Limited, a company which was wholly and beneficially owned by Mr. Peter Ka Yue LEE.
- iii. 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 Mr. Hans-Joerg SEEBERGER and his family.
- iv. 8,640 shares were held by the spouse of Mr. Shunji SAEKI.

## DIRECTORS' INTERESTS (continued)

Except that certain Directors held certain nominee shares in subsidiaries in trust for the Company or its subsidiaries as at 30th November, 2002, no Director held an interest in the share capital of the Company or any of its subsidiaries other than those as disclosed above.

Save as disclosed above, as at 30th November, 2002, none of the Directors or chief executive or their associates had any personal, family, corporate or other interests in the securities of the Company or its associated corporation which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under section 31 or Part 1 of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein.

## SUBSTANTIAL SHAREHOLDERS

As at 30th November, 2002, the following entities (other than a Director or chief executive of the Company) held an interest of 10% or more in the issued share capital of the Company which is required to be recorded under section 16(1) of the SDI Ordinance:

Name	Number of Shares	Percentage of Issued Shares
Glorious Concept Limited (note i)	67,121,600	21.64%
EganaGoldpfeil (note ii)	229,449,144	73.97%
Peninsula International Limited (note iii)	230,494,099	74.30%
Trustcorp Limited as trustee of the Captive Insurance Trust (note iv)	230,494,099	74.30%

### Notes:

- i. Glorious Concept Limited is a wholly owned subsidiary of EganaGoldpfeil and these shares were registered in the name of its nominee.
- ii. The interest includes 162,327,544 and 67,121,600 shares held by EganaGoldpfeil and Glorious Concept Limited respectively.
- iii. 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 Mr. Hans-Joerg SEEBERGER and his family.
- iv. Duplication of Peninsula International Limited's holding.

Save as disclosed above, as at 30th November, 2002, the Company was not notified by any persons who had an interest of 10% or more in the issued share capital of the Company which is required to be recorded under section 16(1) of the SDI Ordinance.

## SHARE OPTION SCHEME

Share options are granted to the Directors, executives and employees under the Executive Share Option Scheme of the Company adopted on 26th June, 1998 and became unconditional on 23rd July, 1998 (the "Scheme").

The following shows the particulars of the share options of the Company granted to the Directors, executives and employees of the Group that are required to be disclosed pursuant to Rule 17.07 of Chapter 17 and sub-paragraph (13)(1)(b) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period:

Directors	Number of Shares comprising the options outstanding at the beginning of the period (Adjusted for the Share Consolidation as described below)	Number of Shares comprising the options outstanding at the end of the period	Date granted	Subscription price per Share (Adjusted for the Share Consolidation as described below) HK\$
Hans-Joerg SEEBERGER	3,300,000	3,300,000	09/01/2000	2.24
Peter Ka Yue LEE	250,000	250,000	09/01/2000	2.24
Michael Richard PIOX	250,000	250,000	17/01/2000	2.24
Hartmut VAN DER STRAETEN	250,000	250,000	12/01/2000	2.24
Employees under continuous contracts (excluding Directors)	9,075,000	9,075,000	07/01/2000 to 31/01/2000	2.24
	<u>13,125,000</u>	<u>13,125,000</u>		

Note: On 4th September, 2002, an ordinary resolution was passed at an extraordinary general meeting of the Company pursuant to which every 10 shares of HK\$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$0.50 each. The share consolidation became effective on 5th September, 2002 (the "Share Consolidation").

The outstanding options can be exercised in accordance with the Scheme at any time after the date upon which the options is granted but not later than 10 years from the date on which the Scheme is adopted, provided that up to 20%, 40%, 60% and 80% of the original number of shares comprising the options can be exercised in the 1st, 2nd, 3rd and 4th year from the date granted, respectively.

## **SHARE OPTION SCHEME** *(continued)*

No options were granted, exercised, lapsed or cancelled during the period.

Save as disclosed above, as at 30th November, 2002, neither the Directors or chief executive nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## **EMPLOYEES**

As at 30th November, 2002, the Group had approximately 2,500 employees. They were remunerated based on their experience, their qualifications, the Group's performance and market conditions.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its securities (whether on the Stock Exchange or otherwise) during the period ended 30th November, 2002.

## **CODE OF BEST PRACTICE**

Except that the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period.

## **APPRECIATION**

On behalf of the Directors, I would like to extend our gratitude and sincere appreciation to our colleagues for their hard work and dedication and the Company's shareholders for their support.

On behalf of the Board  
**Hans-Joerg SEEBERGER**  
*Chairman and Chief Executive*

Hong Kong, 20th February, 2003