

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors ("the Board"), I take the pleasure to present the Company's Annual Report for the year ended 31st May, 2005.

As a specialist in luxury and fashion branded jewellery industry, we continue to capitalise on the Group's multi-brand structure. In April 2005, we have introduced high-end jewellery collections designed and manufactured by our operations in Germany to our business partners with positive response.

Carrera stainless steel jewellery, as a lifestyles accessory line, has been introduced to the Middle East and European markets with encouraging response. We will introduce in 1Q 2006 CERRUTI 1881 ornaments line to the market, continuing the success of CERRUTI 1881 watch worldwide and taking advantage of the extensive distribution network. JOOP! jewellery is a major element of our fashion segment strategy in the jewellery market. It has a strong demand in Germany, respectively Europe.

In the fashion, both Esprit and MEXX are performing to our satisfaction. We are getting wider range of distribution network in the existing market, in addition to developing new markets in Eastern Europe and Asia.

We, as a subsidiary of EganaGoldpfeil (Holdings) Limited are in a better position to leveraging on the network of the timepiece and leather / lifestyle divisions to expand our global coverage. Currently, we have access to 6,000 Points-of-sales (4,800 POS in FY04) in 55 countries (48 countries in FY04) as compared to EganaGoldpfeil Group's 13,800 POS in 100 countries.

Through the acquisition of Salamander, the Group has now access to a substantial distribution in Eastern Europe.

In the US, we are continuously focusing on related diversification strategy for the high-end market and leveraging on affordable luxury and prestigious segment. In the US, the bridal business dominates the jewellery market with 40% of bridal business using platinum jewellery. In line with our Group's commitment to innovations for product development, our German company has developed a new technique to make platinum jewellery with more unique design, larger surface and yet considerably lighter than previously possible. The new jewellery is made of the highest purity of platinum. It is not cast but made through stamping and tooling with the highest workmanship. The initial feedback from customers in the US and Europe is encouraging. It is expected that similar positive feedback would be forthcoming from Japan and China on its future launch.

CUSTOMER SATISFACTION.
SHAREH
TREND SE



OLDER VALUE.

FASHION CONSCIOUSNESS.

TTER.

PRODUCT INNOVATION.

Chairman's Statement

In Japan, we have successfully leveraged on 60 Goldpfeil / Comtesse shops. We are taking further steps to introduce Carrera jewellery and high-end platinum jewellery collection under Abel & Zimmermann in the Japan market.

Turning to China market, we have developed a network of 300 POS for Pierre Cardin and Esprit items. Given our proven experience as major exhibitor at international trade fairs, we have been participating in jewellery shows in China for attracting distributors and retail partners for furtherance of our business in the Mainland.

In order to attract customers from our existing coverage in Western Europe and Eastern Europe, starting from last Autumn, the Exhibition Center at our European Headquarters at Offenbach / Frankfurt, Germany has been hosting EganaGoldpfeil Fairs.

During the FY 04/05, the geographical revenue split for Europe represents 76% (64% in FY 03/04); Asia Pacific: 15% (29% in FY 03/04) and the US: 9% (7% in FY 03/04) respectively.

The revenue split for business segment in FY 04/05 is demonstrated as 77% for branded products and 23% contributed by Private label (Bought-in-finished goods) business (56% and 44% in FY 03/04 respectively).

70% of our branded jewellery is produced in-house under our production facility network in Europe (2) and Asia (4) for global product development and production, which supports 80% of our Group revenue.

We are committed to continuing to provide quality product and services as well as innovativeness for customer's satisfaction with a view to sustaining a leading stance in the jewellery industry.

On behalf of the Board, I would like to express our heartfelt thanks for the commitment and contribution of our employees to the Group. With their dedication; our core value belief ("Caring, Integrity and Fairness") governing our Corporate Governance philosophy; and the proven business model, the Group remains confident of realizing our achievable visions for a promising future.



Hans-Joerg Seeberger
Chairman and Chief Executive
Hong Kong, 14th September, 2005

FUTURE STRATEGY.
UNIQUE
WORLDWIDE SUCCESS.



APPROACH.
BRAND PYRAMID.