



CHAIRMAN'S STATEMENT

A world leader in branded luxury and fashion accessories management

“We are beginning to see our strategy translate into sustainable financial benefit.”

Dear Shareholders,

Since the listing of EganaGoldpfeil on the Hong Kong Stock Exchange in 1993, this is the 13th annual report that I report as the Chairman and Chief Executive of the Company I founded in 1970s.

I am pleased to see the solid progress achieved across all the three business segments (leather, watches and jewelry), together with signs of yet stronger growth coming through in the near future.

This was a significant year for EganaGoldpfeil - but not because of any noticeable changes, for indeed this was a year in which we did not make any major acquisitions or mergers. It was significant simply because it marked the successful end of a period of strategic acquisitions, and more importantly because that strategy was recognized and began to bear fruits.

With increased contributions from our own key brands and from the Luxury and Affordable Luxury categories across the three business segments, we started to be recognized as one of the leading global Luxury and Fashion Accessories players. Following the announcement of our first-half results in February 2006, there has been an ongoing market capitalization increment and an accumulation of a portfolio of institutional shareholders holding in aggregate 30% of shareholding interests, underlying the perception of the investor and financial community on our success in shifting EganaGoldpfeil away from the traditional product development and distribution

business classification - and we are beginning to see that strategy translate into real financial benefit.

Another significant change that came in early July 2006 was the proposed privatization of Egana Jewellery, which highlights the important and often unrecognized fact that the jewelry division generates the highest operating margin. This business is a strong companion to the solid and predictable leather and watch businesses, which have established a proven network of coverage and appeared as a prominent brand presenter in international trade fairs.

Overall, it was a year in which EganaGoldpfeil started to reflect the synergies of prior acquisitions. As a Luxury and Fashion Accessories brand manager, we focused on our three areas of core activities to enhance our business with modest strategic alliance to fuel the organic growth.

I am confident that our highly dedicated and talented colleagues will take hold of the opportunity to build on our strength, expand the product range, intensify our customer relationships, and create value of all our stakeholders.

I take this opportunity to express my gratitude and sincere appreciation to my fellow directors, and on behalf of the Board, all management and staff members for their hard work and contribution.

Yours
Hans-Jörg Seeberger

Hans-Jörg Seeberger
Chairman and Chief Executive
21st September, 2006