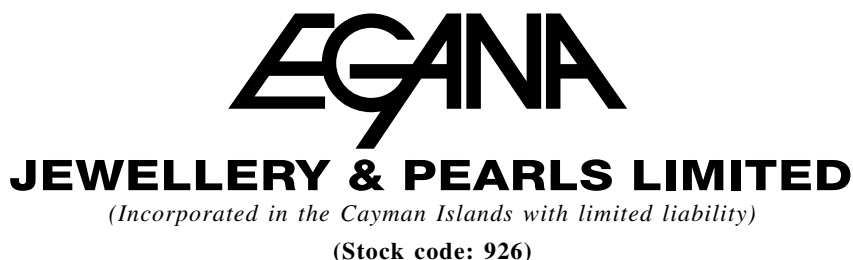

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Egana Jewellery & Pearls Limited (the “Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**PROPOSALS RELATING TO GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY**

The notice convening an Annual General Meeting to be held on 18th November, 2004, at which, among others, the above proposals will be considered, is set out on pages 10 to 18 of this circular.

Whether or not you propose to attend the Annual General Meeting, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible.

14th October, 2004

EGANA
JEWELLERY & PEARLS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Hans-Joerg SEEBERGER

(Chairman and Chief Executive)

Peter Ka Yue LEE

Michael Richard POIX

Ho Yin CHIK

Shunji SAEKI

Hartmut VAN DER STRAETEN

Michael BOMMERS

Non-executive Director:

David Wai Kwong WONG

Independent Non-executive Directors:

Charles Cho Chiu SIN

Eduardo Tang Lung LAU

Professor Zhengfu WANG

Registered office:

P.O. Box 1787

2nd Floor

One Capital Place

George Town

Grand Cayman

Cayman Islands

British West Indies

Principal place of business:

Block C6, 12th Floor

Hong Kong Industrial Centre

489-491 Castle Peak Road

Cheung Sha Wan

Kowloon, Hong Kong

14th October, 2004

To the shareholders of the Company

Dear Sir or Madam,

**PROPOSALS RELATING TO GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals to grant general mandates to issue and repurchase shares of the Company and to amend the Articles of Association of the Company (the “Articles”), as well as to provide you with information in connection with such proposals. Your approval will be sought at the annual general meeting of the Company to be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 18th November, 2004 (the “Annual General Meeting”).

LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE

GENERAL MANDATE FOR REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

At the annual general meeting held on 20th November, 2003, a general mandate was given to the directors of the Company (the “Directors”) to exercise the powers of the Company to repurchase shares of the Company (the “Shares”) up to a maximum of 10 per cent. of the issued share capital of the Company on that date. Such mandate will lapse at the conclusion of the Annual General Meeting. Your attention is drawn to an ordinary resolution set out in the notice convening the Annual General Meeting dated 14th October, 2004 set out on pages 10 to 18 of this circular. Such ordinary resolution proposes to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution or such earlier period as stated therein up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing that ordinary resolution (the “Repurchase Mandate”).

An explanatory statement, as required under the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) regulating the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide the requisite information for your consideration of the Repurchase Mandate is set out in the Explanatory Statement hereto.

GENERAL MANDATE TO ISSUE NEW SECURITIES OF THE COMPANY

It will be proposed at the Annual General Meeting the ordinary resolutions as set out in the notice convening the Annual General Meeting dated 14th October, 2004 for granting to the Directors a general mandate to allot, issue and deal with new Shares and/or other securities of the Company not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing that ordinary resolution (the “New Issue Mandate”) and extending the New Issue Mandate by adding to it the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate.

As at 4th October, 2004 (the latest practicable date prior to the printing of this circular) (the “Latest Practicable Date”), there were 339,369,506 Shares in issue and subject to the passing of the necessary ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the New Issue Mandate could accordingly result in up to 67,873,901 Shares being issued by the Company during the course of the period prior to the next annual general meeting to be held in 2005.

AMENDMENTS TO THE ARTICLES

As announced by the Stock Exchange in its press release dated 30th January, 2004, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Corporate Governance Issues issued in January 2003, such revisions of the Listing Rules took effect on 31st March, 2004 and include revisions to Appendix 3 to the Listing Rules, which sets out the requirements that the articles of association or, as the case may be, the bye-laws of listed issuers or listing applicants shall comply with.

LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE

To ensure compliance with the revised Appendix 3 to the Listing Rules, listed issuers must amend their articles of association or, as the case may be, the bye-laws at the earliest opportunity and, in any event, no later than the conclusion of their next annual general meeting after 31st March, 2004.

To align the Articles with the requirements of the revised Appendix 3 to the Listing Rules, the Directors wish to propose a special resolution at the Annual General Meeting to amend the Articles. In general, the proposed amendments to the Articles are to be made to conform with the following in relation to corporate governance:

- (a) the minimum seven-day period for lodgment by shareholders of the notice to nominate a director shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) a Director shall abstain from voting at the board meeting on any matter in which he or any of his associates has a material interest and is not to be counted in the quorum of the relevant board meeting; and
- (c) where any shareholder of the Company is, under the revised Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Directors also recommend that amendments be made to the Articles so as to allow the Company to offer its shareholders (subject to adequate arrangements having been made by the Company to ascertain the wishes of the shareholders) the chance to elect to receive in place of the annual reports and accounts summary financial statements which are derived from and summarize the annual reports and accounts and in such form as may be required by law or the Listing Rules from time to time. The proposed amendments also allow the shareholders to be treated as having been sent a copy of either the summary financial statements or the annual reports and accounts by relying on the versions of those documents published on the Company's computer network and to receive corporate communications (as defined in the Listing Rules) by electronic means.

A full text of the proposed amendments to the Articles is contained in resolution numbered 6 in the notice of the Annual General Meeting set out on pages 10 to 18 of this circular.

ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 10 to 18 of this circular. At the Annual General Meeting, ordinary and special resolutions will be proposed to approve, inter alia, the New Issue Mandate, the Repurchase Mandate and the amendments to the Articles respectively.

Pursuant to Article 80 of the Articles, a resolution put to the vote at a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by: (a) the Chairman of the meeting; or (b) at least five members present in person or by proxy and entitled to vote; or (c) any member or members present in person or by proxy and representing in the aggregate not less than

LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE

one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or (d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

PROXY

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting, shareholders are requested to complete and return the form of proxy to the principal place of business of the Company at Block C6, 12th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting should shareholders so desire.

RECOMMENDATION

The Directors believe that the New Issue Mandate, the Repurchase Mandate and the proposed amendments to the Articles are in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend that all shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting.

GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully

Hans-Joerg SEEBERGER

Chairman and Chief Executive

The Appendix serves as an explanatory statement, as required by the Listing Rules, to provide information to you with regard to the Repurchase Mandate.

1. THE LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange or on another stock exchange on which the securities of the companies may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) Source of funds

Repurchases must be funded out of funds legally available for such purpose in accordance with the constitutive documents of the company and the laws of the jurisdiction in which the company is incorporated.

(c) Maximum number of securities to be repurchased

The shares which are proposed to be repurchased by a company must be fully paid. A maximum of 10 per cent. of the issued share capital as at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were 339,369,506 Shares in issue and subject to the passing of the necessary ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, exercise in full of the Repurchase Mandate could accordingly result in up to 33,936,950 Shares being repurchased by the Company during the course of the period prior to the next annual general meeting to be held in 2005.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or net assets per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

4. FUNDING OF REPURCHASES

Repurchases of the Shares will be funded entirely from the Company's available cash flow or working capital facilities, and will, in any event, be made out of funds legally available for the purchase in accordance with the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

There might be a material adverse effect on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the audited accounts contained in the 2004 Annual Report) in the event that the Repurchase Mandate is exercised in full at any time. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant purchases unless the Directors determine that such repurchases are, taking account of all relevant factors, in the best interests of the Company.

5. GENERAL

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate and in accordance with the Listing Rules and any applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase its shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Takeover Code"). Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. As at the Latest Practicable Date, EganaGoldpfeil (Holdings) Limited ("EganaGoldpfeil") and Peninsula International Limited ("Peninsula") were respectively interested in 232,813,144 Shares and 1,044,955 Shares, representing approximately 68.60 per cent. and approximately 0.31 per cent. of the issued share capital of the Company. Peninsula and its nominee hold the Shares as nominee for the Captive Insurance Trust, a discretionary trust whose prospective beneficiaries include Mr. Hans-Joerg SEEBERGER ("Mr. Seeberger"). By virtue of his interest in EganaGoldpfeil under Part XV of the Securities and Futures Ordinance (the "SFO"), Mr. Seeberger was deemed to be also interested in those Shares held by EganaGoldpfeil. In the event that the Repurchase Mandate is exercised in full, EganaGoldpfeil's and Peninsula's interest would be increased to approximately 76.22 per cent. and approximately 0.34 per cent. of the issued share capital of the Company respectively. Currently, the Directors do not intend to exercise the Repurchase Mandate to an extent that such repurchase of its shares would result in the number of its Shares in the hands of the public being reduced to less than 25 per cent. of the Shares then in issue. Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of the Repurchase Mandate.

The Directors have no present intention to exercise the Repurchase Mandate to such extent that the public float would fall below the relevant prescribed minimum percentage as required under the Listing Rules.

6. REPURCHASES OF SHARES MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

7. THE SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months and the current month (up to the Latest Practicable Date) were as follows:

	The Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
October 2003	2.600	2.075
November 2003	2.800	2.275
December 2003	2.400	1.820
January 2004	2.150	1.900
February 2004	2.525	1.960
March 2004	2.400	1.730
April 2004	1.940	1.630
May 2004	1.770	1.400
June 2004	1.500	1.270
July 2004	1.340	1.270
August 2004	1.320	1.190
September 2004	1.320	1.120
October 2004	1.320	1.280

The following are the particulars of the Directors to be retired and proposed to be re-elected at the Annual General Meeting:

Executive Directors

Mr. Ho Yin CHIK (“Mr. Chik”), aged 49, was appointed as an Executive Director on 20th November, 2003. He is also the Group Treasurer and responsible for the financial and treasury affairs of the Group. He has over 20 years’ experience in auditing, financial and treasury fields. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant. He joined the Group in 1985. Mr. Chik has also been appointed as an executive director of EganaGoldpfeil (stock code: 048) since 20th November, 2003.

Mr. Chik has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to director’s emoluments of HK\$487,200 per annum, which are determined based on the market rate and his anticipated time, effort and expertise to be exercised on the Group’s affairs.

Save as disclosed herein and in the Company’s 2004 Annual Report, Mr. Chik does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chik had personal interests in the Company and EganaGoldpfeil as below within the meaning of Part XV of the SFO:

- (i) The Company — 2,160 Shares
- (ii) EganaGoldpfeil — 18,464 shares & 144,800 share options

There are no other matters, to the best knowledge of the Directors, that need to be brought to the attention of the shareholders of the Company. Save as disclosed above, Mr. Chik does not hold any directorship in other Hong Kong listed companies within the past 3 years preceding the date of this circular.

Mr. Michael BOMMERS (“Mr. Bommers”), aged 49, was appointed as an Executive Director on 19th December, 1997. He is responsible for overseeing the financial reporting functions and the development of the Group’s activities in Europe. He is currently the Managing Director of Egana Schmuck und Perlen GmbH and EganaGoldpfeil Europe (Holdings) GmbH, a wholly-owned subsidiary of EganaGoldpfeil in Germany. He joined the EganaGoldpfeil Group in 1994 and was involved in the merging and restructuring of the European operations of the EganaGoldpfeil Group. Prior to joining the EganaGoldpfeil Group, he worked in the corporate finance division of West Merchant Bank in Germany and was involved in advising the EganaGoldpfeil Group on the acquisition of Egana Deutschland GmbH around 1993, a German incorporated company engaged in the distribution of timepieces and jewellery prior to its corporate reorganisation.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Bommers has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to director's emoluments of HK\$924,300 per annum, which are determined based on the market rate and his anticipated time, effort and expertise to be exercised on the Group's affairs.

Save as disclosed herein and in the Company's 2004 Annual Report, Mr. Bommers does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Bommers has no interest in the shares of the Company within the meaning of Part XV of the SFO. There are no other matters, to the best knowledge of the Directors, that need to be brought to the attention of the shareholders of the Company. Save as disclosed above, Mr. Bommers does not hold any directorship in other Hong Kong listed companies within the past 3 years preceding the date of this circular.

Independent Non-executive Director

Professor Zhengfu WANG (“**Professor Wang**”), aged 52, joined the Group in 1997 as a consultant and is responsible for overseeing and advising on the Group's strategic and business development in the People's Republic of China. He became an Independent Non-executive Director of the Company in September 2000. Prior to joining the Group, he was involved in the corporate restructuring of certain state-owned enterprises and advising Chinese-foreign joint ventures. Professor Wang holds a Bachelor degree in Economics and had further study in Europe. He is well conversant with international business and economics.

Professor Wang has no fixed term of service with the Company but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to director's emoluments of HK\$187,200 per annum, which are determined based on the market rate and his anticipated time, effort and expertise to be exercised on the Group's affairs.

Save as disclosed herein and in the Company's 2004 Annual Report, Professor Wang does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Professor Wang has no interest in the shares of the Company within the meaning of Part XV of the SFO. There are no other matters, to the best knowledge of the Directors, that need to be brought to the attention of the shareholders of the Company. Save as disclosed above, Professor Wang does not hold any directorship in other Hong Kong listed companies within the past 3 years preceding the date of this circular.

EGANA
JEWELLERY & PEARLS LIMITED
(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Egana Jewellery & Pearls Limited (the “Company”) will be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 18th November, 2004 at 11:00 a.m. for the following purposes:—

1. To receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st May, 2004.
2. To declare a final dividend.
3. To re-elect Directors and to authorise the Directors to fix their remuneration.
4. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:—

(A) **“THAT:—**

- (a) subject to paragraph (c) of this Resolution and without prejudice to Resolution 5(C) set out in the Notice of this Meeting, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) of this Resolution) of all the powers of the Company to issue, allot and deal in shares of HK\$0.50 each in the capital of the Company (the “Shares”) and to issue, allot or grant securities convertible into the Shares or options, warrants or similar rights to subscribe for any Shares in the Company or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:—

- (i) a Rights Issue (as defined in paragraph (d) of this Resolution);
- (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Articles of Association of the Company as amended from time to time; or
- (iii) an issue of the Shares under the share option scheme of the Company or any similar arrangements for the time being adopted by the Company for the grant or issue to employees or directors of the Company and/or any of its subsidiaries of the Shares or right to acquire the Shares;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly;

(d) for the purposes of this Resolution:—

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:—

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands as amended from time to time to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of the Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).”

NOTICE OF ANNUAL GENERAL MEETING

(B) **“THAT:—**

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined in Resolution 5(A)(d) set out in the Notice of this Meeting) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited or on any other exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited (the “Recognised Stock Exchange”), subject to and in accordance with all applicable laws, and in accordance with the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the rules of any other Recognised Stock Exchange, be and is hereby generally and unconditionally approved; and

(b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly.”

(C) **“THAT** subject to the passing of Resolutions 5(A) and 5(B) set out in the Notice of this Meeting, the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to and in accordance with the approval given in Resolution 5(A) set out in the Notice of this Meeting be and is hereby increased and extended by the addition of the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to and in accordance with the approval given in Resolution 5(B) set out in the Notice of this Meeting provided that such amount shall not exceed the aggregate nominal amount of the Shares repurchased pursuant to the said Resolution 5(B) and the said approval shall be limited accordingly.”

6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:—

“THAT the Articles of Association of the Company be amended as follows:

(A) By adding the following new definitions and references, within appropriate alphabetic order, to Article 2:

“associate

“associate” shall have the meaning ascribed to it under the Listing Rules;”

NOTICE OF ANNUAL GENERAL MEETING

- (B) By deleting the existing definitions and replacing by the following new definitions, within appropriate alphabetic order, to Article 2:

“subsidiary and holding company” shall have the meaning attributed to such terms in the Companies Ordinance as in force from time to time, but the term “subsidiary” shall include with the definition of “subsidiary” under Rule 1.01 of the Listing Rules;

writing/printing” shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form and including without limitation where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and any requisite members’ election comply with any applicable laws, rules and/or regulations;”

- (C) By deleting the words “5,000,000,000” and “HK\$0.05” in the third line of Article 3 and replacing them by the words “500,000,000” and “HK\$0.50”.

- (D) By adding the following Article 89(c) immediately after Article 89(b):

“89(c) Notwithstanding the generality of the foregoing, where any member is, under the Listing Rules, required to abstain from voting for or against any particular resolution or restricted to voting for or against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

- (E) By deleting the existing Article 107(c)(i) to (v) and replacing by the following new Article 107(c)(i) to (v):

“107(c) Save as otherwise provided by the Articles, a Director shall not be entitled to vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) is/are to his knowledge materially interested but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity either:

(aa) to the Director or his associate(s) in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

NOTICE OF ANNUAL GENERAL MEETING

- (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, directly or indirectly, whether as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in the shares of that company, provided that he and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (aa) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or his associate(s) may benefit; or
 - (bb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors or his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company."

NOTICE OF ANNUAL GENERAL MEETING

- (F) By deleting the existing Article 107(e) and replacing by the following new Article 107(e):

“107(e) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associate(s) (other than the Chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such other Director or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose the Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of the Chairman or any of his associate(s) as known to the Chairman has not been fairly disclosed to the Board.”

- (G) By deleting the existing Article 107(f) in its entirety.

- (H) By deleting the existing Article 120 in its entirety and replacing by the following new Article 120:

“120.No person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless a notice in writing signed by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and notice in writing signed by that person to be proposed of his willingness to be elected shall have been lodged at the Company’s principal place of business in Hong Kong. The period for lodgment of the said notice under this Article shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting provided that the minimum length of the period will be at least 7 days.”

NOTICE OF ANNUAL GENERAL MEETING

- (I) By deleting the existing Article 163(b) in its entirety and substituting therefor the following:

“163(b)(i) Subject to paragraph (ii) below, a printed copy of those documents required to be laid before the members of the Company at an annual general meeting or a summary financial report shall, not less than 21 days before the date of the meeting, be delivered or sent by post to the registered address of every member and every other holder of its listed securities, or in the case of joint holders to the member or such holder (as the case may be) whose name stands first in the relevant register in respect of the relevant shares or listed securities. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.

- (ii) Where a member or holder of the Company’s listed securities has, in accordance with the Law and any rules prescribed by the Exchange from time to time, consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company’s computer network as discharging the Company’s obligations under the Law to send a copy of the relevant financial documents or the summary financial report, then subject to compliance with the publication and notification requirements of the Law and any rules prescribed by the Exchange from time to time, publication by the Company on the Company’s computer network of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or holder of the Company’s listed securities, be deemed to discharge the Company’s obligations under paragraph (i) above.

- (iii) For the purpose of this Article, “summary financial report” shall have the meaning ascribed to it under the Listing Rules.”

- (J) By deleting the existing marginal note to Article 163(b) and substituting therefor the following:

“Relevant financial documents or summary financial report to be delivered to members etc.”

- (K) By deleting the existing Article 167(a) in its entirety and substituting therefor the following:

“167(a) Any notice or document (including a share certificate and any “corporate communication” within the meaning ascribed thereto under the Listing Rules) to be given or issued under these Articles in writing may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Law, the Listing Rules and any applicable laws, rules and regulations:

- (i) personally; or

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- (ii) by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the register; or
- (iii) by advertisement published in the newspapers in accordance with the Listing Rules; or
- (iv) by transmitting it as an electronic communication to the person at such electronic address as he may have provided to the Company; or
- (v) by publishing it on a computer network.

In case of joint registered holders of any share or listed security, all notices shall be given to that holder whose name stands first in the register or such other register(s) (as the case may be) and notice so given shall be sufficient notice to all the joint holders.”

- (L) By deleting the existing Article 169 in its entirety and substituting therefor the following:

“169. Any notice or document (including a share certificate and any “corporate communication” within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the Company:

- (a) if sent by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office (by airmail if posted from Hong Kong to an address outside Hong Kong) and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof;
- (b) if not sent by post but delivered or left at a registered address or delivered personally by the Company, shall be deemed to have been served on the day it was so delivered or left and in proving such service or delivery, a certificate in writing signed by the Secretary or other person appointed by the Board as to the act and time of such service or delivery, shall be conclusive evidence thereof;
- (c) if by advertisement published in the newspapers, shall be deemed to have been served on the date on which it is published in the newspapers;
- (d) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically

NOTICE OF ANNUAL GENERAL MEETING

provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and

- (e) if published on the Company's computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company's computer network to which the entitled person may have access."

- (M) By deleting the existing Articles 171 to 173 (inclusive) in their entirety and substituting therefor the following:

"171. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share or listed security shall be bound by every notice in respect of such share or listed security which prior to his name and address being entered on the relevant register shall have been duly given to the person from whom he derives his title to such share or listed security.

172. Any notice or document served in accordance with Article 167(a) shall, in respect of any member or holder of listed security who is deceased, be deemed to have been duly served on his legal personal representatives and all persons (if any) jointly interested with him in any such shares or listed securities, whether or not the Company has notice of his death.

173. The signature to any notice or document by the Company may be written, typed, printed or made electronically."

By Order of the Board
Lillian Wong
Company Secretary

Hong Kong, 14th October, 2004

Notes:

1. Any member entitled to attend and vote may appoint one or more proxies to attend the meeting instead of him and to vote on a poll. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the principal place of business of the Company at Block C6, 12th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than 48 hours before the time for holding the meeting (or adjourned meeting, as the case may be).
3. The register of members of the Company will be closed from 12th November, 2004 to 16th November, 2004, both days inclusive, for the purpose of establishing entitlements of the shareholders of the Company to qualify for the proposed final dividend and attend the Company's Annual General Meeting. During such period, no transfer of the Shares can be registered.
4. A circular containing further details regarding Resolutions 5 and 6 above will be sent to the shareholders of the Company as soon as practicable.



JEWELLERY & PEARLS LIMITED

(Incorporated in the Cayman Islands with limited liability)

PROXY FORM FOR ANNUAL GENERAL MEETING TO BE HELD ON 18TH NOVEMBER, 2004

I/We (note 1) _____
of _____
being the registered holder(s) of (note 2) _____ shares of HK\$0.50 each in
the capital of the Company, HEREBY APPOINT (note 3) _____
of _____

or failing him, the Chairman of the meeting as my/our proxy to act for me/us at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 18th November, 2004 at 11:00 a.m. and at the said meeting (or at any adjournment thereof) to vote, on a poll, for me/us and in my/our name(s) as hereunder indicated or, if no such indication is given, as my/our proxy thinks fit.

	RESOLUTIONS	FOR (Note 4)	AGAINST (Note 4)
1.	To receive and consider the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st May, 2004.		
2.	To declare a final dividend.		
3.	(i) To re-elect the following Directors:		
	(a) Mr. Ho Yin CHIK		
	(b) Mr. Michael BOMMERS		
	(c) Professor Zhengfu WANG		
	(ii) To authorise the Directors to fix the remuneration of the Directors.		
4.	To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
5(A).	To approve the New Issue Mandate. (Note 5)		
5(B).	To approve the Repurchase Mandate. (Note 5)		
5(C).	To approve the extension of the New Issue Mandate. (Note 5)		
6.	To approve the amendments to the Articles of Association of the Company. (Note 5)		

Date this _____ day of _____ 2004 Shareholder's Signature _____

Notes:

- Full name(s) and address(es) in **BLOCK CAPITALS**. The names of all joint holders should be stated.
- Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares of the Company registered in your name(s).
- Please insert the name and address in **BLOCK CAPITALS** of the proxy desired. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.**
- IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, TICK IN THE BOX MARKED "FOR" BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, TICK IN THE BOX MARKED "AGAINST" BESIDE THE APPROPRIATE RESOLUTION.** Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
- The description of this Resolution is by way of summary only. The full text appears in the Notice of Annual General Meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of corporation, must be either under its common seal or under the hand of an officer, attorney, or other person duly authorised.
- In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at Block C6, 12th Floor, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than 48 hours before the time for holding the meeting (or adjourned meeting as the case may be).
- The proxy needs not be a member of the Company but must attend the meeting in person to represent you.
- ANY ALTERATION MADE IN THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**