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英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcements of the Company dated 23 July 2010 and 26 August 2010 (the “Announcements”) in relation to, inter alia, the extension of the period in which the Existing CB Options may be exercised for a further two months from 25 July 2010. Terms used in this announcement shall have the same meaning as those defined in the announcement dated 26 August 2010 unless the context requires otherwise.

The Board would like to clarify that the extension of the Options Period is an alteration in the principal terms and conditions of the Existing CB Subscription Agreement and technically it does not constitute an amendment of the terms and conditions of the Existing Convertible Bond of the Company which requires approval from the Stock Exchange under Rule 28.05 of the Listing Rules.

As stated in the announcement of the Company dated 23 July 2010, approval will be sought by the Company from the Stock Exchange for the extension of the Options Period under Rule 28.05 of the Listing Rules. However, after seeking advice from the Company’s legal adviser, the Board confirmed that the extension of the Option Period does not constitute a change in the terms of the Existing Convertible Bonds and hence does not require the Stock Exchange’s approval. Such amendment of the Existing CB Subscription Agreement however will be subject to Shareholders’ approval.

A circular containing, among other things, the details of the Supplemental Agreement will be dispatched to the Shareholders as soon as practicable.

The Board also wishes to draw the attention of the Shareholders and investors to the announcement of the Company dated 26 August 2010 which stated that the Company, Winner Sea and the Existing CB Subscribers have entered into a Purchase Agreement pursuant to which the Existing Convertible Bonds will be purchased by Winner Sea. The Existing Convertible Bonds will be cancelled upon completion of such agreement. The Existing CB Options, subject to the approval of the Shareholders at the EGM, will be of effect up to 25 September 2010. As the Existing CB Subscribers have undertaken not to exercise the Existing CB Options (on the condition that the Purchase Agreement is to be completed), the Existing CB Options should lapse upon expiry of the Options Period following completion of the Purchase Agreement. The announcement also stated that the Company has entered into the L Capital CB Subscription Agreement and the D. E. Shaw group CB Subscription Agreement pursuant to which Winner Sea will issue the L Capital CB and the D. E. Shaw group CB in the aggregate amount of HK\$380 million. The completion of the issue of the L Capital CB and D. E. Shaw group CB will take place after completion of the Purchase Agreement.

Save for the extension of the Options Period, there are no other amendments to the terms of the Existing CB Subscription Agreement. The Company also confirms that there are no amendments to the terms and conditions of the Existing Convertible Bond which are in issue and that the extension of the Options Period will have no effect on the terms and conditions of the convertible bonds which will be issued pursuant to the Existing CB Options (if exercised) and on the specific mandate for the issue of the conversion shares thereof granted by the Shareholders to the Directors on 26 April 2010.

By order of the board
Emperor Watch & Jewellery Limited
Cindy Yeung
Executive Director

Hong Kong, 3 September 2010

As at the date hereof, the board of directors of the Company comprised:

Executive Directors:

Ms. Yeung, Cindy
Mr. Chan Hung Ming
Mr. Wong Chi Fai
Ms Fan Man Seung, Vanessa

Non-executive Directors:

Mr. Hanji Huang

Independent Non-executive Directors:

Mr. Chan Hon Piu
Ms. Yip Kam Man
Ms. Lai Ka Fung, May