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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)

**(1) TOP-UP PLACING OF 264,810,000 NEW SHARES UNDER GENERAL
MANDATE AND
(2) ISSUE OF CONVERTIBLE BONDS**

Placing Agent for the Top-up Placing



英皇證券（香港）有限公司
Emperor Securities Limited

TOP-UP PLACING

The Board announces that Allmighty Group, the controlling shareholder of the Company, has agreed to place, through the Placing Agent, 264,810,000 Shares to independent investors at a price of HK\$0.54 per Share and Allmighty Group will subscribe for 264,810,000 new Shares at the price of HK\$0.54 per Share. The Placing Shares amount to approximately 5.35% of the existing issued share capital of the Company of 4,950,000,000 Shares and approximately 5.08% of the share capital of 5,214,810,000 Shares as enlarged by the Top-Up Subscription.

ISSUE OF CONVERTIBLE BONDS

The Board also announces that the Company, on 3 March 2010 (after trading hours), entered into the CB Subscription Term Sheet with the Subscribers pursuant to which the Company will issue and the Subscribers will subscribe for the Convertible Bonds in the aggregate principal amount of HK\$380 million in two tranches.

The Convertible Bonds are convertible into Conversion Shares at the Conversion Price of HK\$0.54 per Conversion Share and on the terms detailed below in this announcement. Upon the exercise of the conversion rights attached to the Convertible Bonds in full, a total of 703,703,702 Conversion Shares will be allotted and issued. The 703,703,702 Conversion Shares represent approximately 14.22% of the issued capital of the Company as at the date of this announcement and approximately 11.89% of the issued share capital of the Company as enlarged by the issue of the Top-Up Shares and the Conversion Shares.

USE OF PROCEEDS

The gross proceeds from the Top-Up Subscription will be approximately HK\$143.0 million and the net proceeds will be HK\$142.5 million after deduction of Placing brokerage commission and related expenses. The gross proceeds from the CB Subscription will be HK\$380.0 million and the net proceeds will be approximately HK\$378.5 million after deducting all related expenses (including professional advisors fees and printing costs). The Company intends to apply the net proceeds from the Top-Up Subscription and the CB Subscription as general working capital of the Group including the expansion of the Company's business in the PRC.

The Top-Up Placing and the CB Subscription are not inter-conditional upon each other. Shareholders and potential investors should note that completion of the Top-Up Placing and the CB Subscription are subject to fulfillment of conditions. As the Top-Up Placing and CB Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 4 March 2010. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 March 2010.

THE PLACING AGREEMENT DATED 3 MARCH 2010

Vendor

Allmighty Group, the controlling shareholder of the Company, holding 3,370,480,000 Shares, representing approximately 68.09% of the existing issued share capital of the Company.

Placing Agent

Emperor Securities, agrees with Allmighty Group to procure on best endeavour basis, places to acquire 264,810,000 existing Shares from Allmighty Group. The Placing Agent shall receive a brokerage commission of 0.25% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

Placees

The Placing Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors and not concert parties (as defined under the Takeovers Code) with Allmighty Group or its associates, and not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates. It is expect that none of the Placees and their respective associates will become a substantial Shareholder as a result of the Placing.

Placing Price

HK\$0.54 per Share.

The Placing Price represents (i) a discount of approximately 6.90% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on 3 March 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 4.93% to the average closing price of HK\$0.568 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 3 March 2010.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing (together with the Top-Up Subscription) is in the interests of the Company and the Shareholders as a whole.

Number of Shares to be placed

Up to 264,810,000 Shares to be placed, representing approximately 5.35% of the existing issued share capital of the Company of 4,950,000,000 Shares and approximately 5.08% of the share capital of 5,214,810,000 Shares as enlarged by the Top-Up Subscription.

Completion of the Placing

The Placing is unconditional. Completion will take place on the third business day on which the Shares are traded on the Stock Exchange after the date of this announcement or such other date as may be agreed between the parties.

The Company undertakes to the Placing Agent that it will not issue or enter into any agreement to issue any Shares or any securities, options, derivatives or warrants which are convertible into Shares within 6 months from the date of the Placing Agreement, except the Top-Up Shares and the Conversion Shares.

THE TOP-UP SUBSCRIPTION AGREEMENT DATED 3 MARCH 2010

Parties

Issuer: The Company

Subscriber: Allmighty Group

Number of Top-Up Shares

264,810,000 new Shares. The Top-Up Shares representing approximately 5.35% of the existing issued share capital of the Company of 4,950,000,000 Shares and approximately 5.08% of the share capital of 5,214,810,000 Shares as enlarged by the Top-Up Subscription. It is provided in the Top-Up Subscription Agreement that if any number of the Placing Shares shall not be taken up, then the number of Top-Up Shares to be subscribed by Allmighty Group shall be also reduced by the same number of the untaken Placing Shares.

Allmighty Group currently holds 3,370,480,000 Shares which is approximately 68.09% of the issued share capital of the Company. It will hold approximately 64.63% of the enlarged issued share capital of the Company after the Placing and the subscription of the Top-Up Shares.

Top-Up subscription price

The subscription price for the Top-Up Shares is HK\$0.54 per Share and is equal to the Placing Price. The Company will bear all cost and expenses incurred in connection with the Top-Up Subscription and reimburse Allmighty Group for all costs and expenses incurred by it in connection with the Placing and the Top-Up Subscription.

General Mandate

The maximum of 264,810,000 Top-Up Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has been utilized as to 450,000,000 Shares, which were issued on 25 January 2010 pursuant to a placing of the Company, details of which were set out in the announcements of the Company dated 13 January 2010 and 25 January 2010. The remaining number of new Shares that could be issued by the Company under the General Mandate is 450,000,000 Shares.

Ranking of new Shares

The Top-Up Shares when fully paid, will rank pari passu with the existing Shares in issue.

Condition of the Top-Up Subscription

The Top-Up Subscription is conditional upon:

- (i) the completion of the Placing, and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Top-Up Shares.

Completion

Completion of the Top-Up Subscription will take place on or before 17 March 2010, being 14 days from the date of the Placing Agreement. Under Rule 14A.31(3)(d) of the Listing Rules, completion of the Top-Up Subscription is required to take place within 14 days after the date of the Placing Agreement; otherwise independent Shareholders' approval would be required for the Top-Up Subscription.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange granting of the listing of, and permission to deal in, the Top-Up Shares.

ISSUE OF CONVERTIBLE BONDS

THE CB SUBSCRIPTION TERM SHEET DATED 3 MARCH 2010

Parties

Issuer: The Company

Subscribers: (a) D. E. Shaw group
(b) Shikumen
(c) Main Wealth

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are independent of and not connected with the Company or any of its directors, chief executive, substantial shareholders or subsidiaries or any of their respective associates.

Immediately upon the exercise of right to convert all of the Convertible Bonds into Conversion Shares, none of the Subscribers will become a substantial shareholder of the Company.

Principal amount

Tranche One CB:

The Subscribers have agreed to subscribe for the Tranche One CB in the following principal amounts:

Subscriber	Principal Amount (HK\$)	Number of Conversion Shares
D. E. Shaw group	80,000,000	148,148,148
Shikumen	10,000,000	18,518,518
Main Wealth	10,000,000	18,518,518
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Total	<u>100,000,000</u>	<u>185,185,184</u>

Tranche Two CB:

Each of the Subscribers has been granted an option to subscribe for the Tranche Two CB in the following principal amounts. The options can be exercised within three months from the SGM date:

Subscriber	Principal Amount (HK\$)	Number of Conversion Shares
D. E. Shaw group	160,000,000	296,296,296
Shikumen	60,000,000	111,111,111
Main Wealth	60,000,000	111,111,111
	<hr/>	<hr/>
Total	<u>280,000,000</u>	<u>518,518,518</u>
Total of Tranche One CB and Tranche Two CB	<u>380,000,000</u>	<u>703,703,702</u>

Conditions

The issue of the Tranche One CB is conditional upon the fulfillment of certain conditions precedent including, but not limited to, the following:

- (a) the execution of a subscription agreement between the Subscribers and the Company in the terms substantially the same as the CB Subscription Term Sheet; and
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares in respect of Tranche One CB.

The issue of the Tranche Two CB is conditional upon the fulfillment of certain conditions precedent including, but not limited to, the following:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares in respect of Tranche Two CB;
- (b) the passing of the necessary resolution(s) on vote taken by way of poll at the SGM to approve the issue of the Specific Mandate; and
- (c) the completion of the issue of the Tranche One CB.

Completion

Subject to satisfaction of the condition precedents for the Tranche One CB, completion of the issue of the Tranche One CB is expected to take place within one month from the date of the CB Subscription Term Sheet (or such later date as may be agreed in writing between the Company and the Subscribers).

Subject to satisfaction of the condition precedents for the Tranche Two CB and the exercise of the option to subscribe for the Tranche Two CB, completion of the issue of the Tranche Two CB is expected to take place within three month from the date of SGM (or such later date as may be agreed in writing between the Company and the Subscribers).

The Top-Up Placing and the CB Subscription are not inter-conditional upon each other. Shareholders and potential investors should note that completion of the Top-Up Placing and the CB Subscription are subject to fulfillment of conditions. As the Top-Up Placing and CB Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

- Principal amount : Tranche One CB: HK\$100,000,000
Tranche Two CB: HK\$280,000,000
- Denomination : HK\$10 million each
- Ranking of the Convertible Bonds : The Convertible Bonds will rank as direct, unsubordinated, unconditional and unsecured obligation of the Company and will rank pari passu with the other unsecured debts of the Company
- Issue price : 100% of the principal amount of the Convertible Bonds
- Maturity date : The third anniversary date from the date of issue of the Convertible Bonds

- Interest : The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 1.5% per annum, calculated on an actual/365 day count basis and payable semi-annually
- Conversion rights : Each Bondholder will have the right, at any time from the 10th calendar day after the date of the issue of the Convertible Bonds up to and including the Maturity Date, to convert the whole or any part of the principal amount outstanding of such Bondholder's Convertible Bonds into Conversion Shares at the Conversion Price (subject to the adjustments)
- Conversion Price : The initial Conversion Price will be HK\$0.54 per Conversion Share, subject to customary adjustment provisions such as subdivision or consolidation of Shares, bonus issues, rights issues and other usual dilutive events
- The Conversion Price will also be subject to adjustment in respect of distribution of dividends by the Company in excess of 3% ("Adjustment Percentage") of the then market price of the Shares and accumulated on an annual basis. The Adjustment Percentage shall be rounded down to an integral percentage for adjustment purpose, but all Adjustment Percentages unaccounted for previously shall be aggregated and be qualified for adjustment when they reach an integral percentage on a cumulative basis
- Redemption on Maturity Date : Unless previously converted or purchased or redeemed, the Company will redeem (together with unpaid accrued interest) at 106% of the outstanding principal amount of the Convertible Bonds on the Maturity Date
- Bondholders' redemption option : Each Bondholder has the right to require the Company to redeem all or any part of such Bondholder's Convertible Bonds on the day falling on the first and/or the second anniversary from the issue of the Convertible Bonds (together with unpaid accrued interest) at 106% of the outstanding principal amount of the Convertible Bonds

- Company's redemption option : On or at any time after the date of first anniversary from the issue of the Convertible Bonds and prior to the Maturity Date, the Company may redeem all of the Convertible Bonds in issue in whole but not in part at 103% of the outstanding principal amount of the Convertible Bonds (together with accrued interest). No such redemption may be made unless the volume weighted average closing price of the Shares for each of the 30 consecutive trading days is at least 175% of the Conversion Price
- Early redemption upon early redemption event : Each Bondholder has the right to require the Company to redeem such Bondholder's Convertible Bonds in whole but not in part at a price that represents a yield of 7% on an annual basis, upon (i) suspension of trading of the Shares for more than one month, (ii) the Shares ceasing to be listed on the Stock Exchange, (iii) the occurrence of an Event of Default (as defined below), or (iv) the occurrence of change of control with respect to the Company
- Events of Default : The Convertible Bonds will contain customary events of default provisions which provide that on the occurrence of certain events of default specified in the terms and conditions of the Convertible Bonds, each of the Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds
- Dividends : No dividend entitlement for Bondholders before conversion
- Ranking of Conversion Shares : Conversion Shares will be fully paid and non-assessable and will rank pari passu in all respects with the Shares in issue on the conversion date, including with regard to trading and settlement
- Transferability : The Convertible Bonds are not transferable by the Bondholders except for (i) transfer by any Subscriber to its associate(s) or to any of the Subscribers or (ii) transfer or encumbrance for the purpose of financing
- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other exchange. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares

The Conversion Price of HK\$0.54 represents (i) a discount of approximately 6.90% to the closing price of HK\$0.580 per Share as quoted on the Stock Exchange on 3 March 2010, being the date of the CB Subscription Term Sheet; and (ii) a discount of approximately 4.93% to the average closing price of HK\$0.568 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 3 March 2010.

The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscribers. The Directors consider that the terms of the Conversion Price are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price, up to 703,703,702 Conversion Shares will fall to be issued to the Bondholders, representing approximately 14.22% of the issued capital of the Company as at the date of this announcement and approximately 11.89% of the issued share capital of the Company as enlarged by the issue of the Top-Up Shares and the Conversion Shares.

The 185,185,184 Conversion Shares to be issued upon conversion of the Tranche One CB will be allotted and issued pursuant to the General Mandate and the 518,518,518 Conversion Shares to be issued upon conversion of the Tranche Two CB will be allotted and issued pursuant to the Specific Mandate. The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of conversion.

USE OF PROCEEDS

The gross proceeds from the Top-Up Subscription will be approximately HK\$143.0 million and the net proceeds will be HK\$142.5 million after deduction of Placing brokerage commission and related expenses. The gross proceeds from the CB Subscription will be HK\$380.0 million and the net proceeds will be approximately HK\$378.5 million after deducting all related expenses (including professional advisors fees and printing costs). The Company intends to apply the net proceeds from the Top-Up Subscription and the CB Subscription as general working capital of the Group including the expansion of the Company's business in the PRC. The net price to be raised per Share from the Top-Up Subscription and the CB Subscription will be approximately HK\$0.538 per Share.

REASON FOR THE TOP-UP PLACING AND CB SUBSCRIPTION

The Group principally engages in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong, Macau and the PRC. The Board is of the view that the Top-up Placing will broaden the Shareholders' portfolio and, together with the CB Subscription, provide additional working capital for the Group and therefore improve the liquidity and strengthen the financial position of the Company. The Board

considers that the terms of the Placing Agreement, the Top-Up Subscription Agreement, the CB Subscription Term Sheet and the terms of the Convertible Bonds are fair and reasonable and they are in the interests of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING

Set out below is the effect on the shareholding structure of the Company by the Placing, Top-Up Subscription and the conversion of the Convertible Bonds at the Conversion Price of HK\$0.54:

	As at the date of this announcement		Immediately after the Placing but before the Top-up Subscription		Immediately after the Top-up Subscription		After the Top-up Placing and immediately upon the conversion of Tranche One CB		After the Top-up Placing and immediately after full conversion of the Tranche One CB and Tranche Two CB	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Allmighty Group	3,370,480,000	68.09	3,105,670,000	62.74	3,370,480,000	64.63	3,370,480,000	62.42	3,370,480,000	56.95
The Placees (Note 1)	-	-	264,810,000	5.35	264,810,000	5.08	264,810,000	4.90	264,810,000	4.47
D. E. Shaw group	-	-	-	-	-	-	148,148,148	2.74	444,444,444	7.51
Shikumen (Note 2)	78,810,000	1.59	78,810,000	1.59	78,810,000	1.51	97,328,518	1.80	208,439,629	3.52
Main Wealth	-	-	-	-	-	-	18,518,518	0.34	129,629,629	2.19
Other public Shareholders	1,500,710,000	30.32	1,500,710,000	30.32	1,500,710,000	28.78	1,500,710,000	27.80	1,500,710,000	25.36
Total	4,950,000,000	100.00	4,950,000,000	100.00	5,214,810,000	100.00	5,399,995,184	100.00	5,918,513,702	100.00

Note:

- (i) Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.
- (ii) Shikumen is a third party independent of the substantial shareholder, directors and chief executive of the Company and is considered as the public float of the Company.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
13 January 2010	Placing of 450,000,000 Shares	Approximately HK\$227.1 million	To be used mainly for expansion of its retail outlets in Hong Kong, Macau and the PRC	remains unused and placed with bank as short-term deposit

GENERAL

The Placing Agent is an indirect wholly-owned subsidiary of ECG. The Company and ECG are indirectly owned as to 74.90% and 46.20% respectively by the Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert, a deemed substantial shareholder of the Company and ECG. As such, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Placing Agreement constitutes connected transaction for the Company. Based on the placing commission payable to the Placing Agent by the Company under the Placing Agreement and aggregated with the commission paid to the Placing Agent of HK\$2,295,000 pursuant to a placing of the Company (details of which are set out in the announcement of the Company dated 13 January 2010), the calculation of the applicable percentage ratios of the Company (as defined in the Listing Rules) are more than 0.1% but less than 2.5% and the aggregate amount is more than HK\$1,000,000. As such, the Placing Agreement will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.32 of the Listing Rules.

Allmighty Group is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Top-up Subscription constitutes connected transaction of the Company under Chapter 14A of the Listing Rules which require independent Shareholders' approval at general meeting by way of poll. However, the Top-Up Subscription is exempted from independent Shareholders' approval under Rule 14A.31(3)(d) of the Listing Rules if the completion of the Top-Up Subscription takes place within 14 days after the date of the Placing Agreement.

SGM

A SGM will be held to consider and if thought fit, pass the resolutions by Shareholders to approve the Specific Mandate and the issue of the Conversion Shares under Tranche Two CB. No Shareholder will abstain from voting for the resolution at the SGM.

A circular containing, inter alia, information regarding the details of the CB Subscription Term Sheet and a notice convening the SGM, will be despatched to the Shareholders as soon as practicable

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 4 March 2010. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 March 2010.

TERMS USED IN THIS ANNOUNCEMENT

“Allmighty Group”	Allmighty Group Limited, a company indirectly owned by the Albert Yeung Discretionary Trust, the founder of which is Dr. Yeung Sau Shing, Albert
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“CB Subscription”	the subscription by the Subscribers of the Convertible Bonds in an aggregate amount of HK\$380 million
“CB Subscription Term Sheet”	the non-binding conditional terms of agreement dated 3 March 2010 entered into between the Company and the Subscribers in connection with the issue by the Company of the Convertible Bonds with an aggregate amount of HK\$380 million
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	Tranche One CB and Tranche Two CB
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	HK\$0.54 per Conversion Share
“Conversion Share(s)”	means those Shares to be issued by the Company upon Conversion of the Convertible Bonds, namely, the 703,703,702 Shares falling to be issued at the Conversion Price in full and pursuant to the terms and conditions of the Convertible Bonds
“D. E. Shaw group”	D. E. Shaw Composite Portfolios, L.L.C., a company incorporated in the State of Delaware, the United States and a member of the D. E. Shaw group, a global investment and technology development firm, being one of the Subscribers

“Director(s)”	director(s) of the Company
“ECG”	Emperor Capital Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Emperor Securities”	Emperor Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and 4 (advising on securities) regulated activities as defined in Schedule 5 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and an indirect wholly-owned subsidiary of ECG
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company on 18 May 2009 to issue and allot up to 900,000,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Wealth”	Main Wealth Enterprises Limited, a wholly-owned subsidiary of China Fortune Group Limited (a company listed on the Main Board of Stock Exchange engaging in, inter alia, securities and futures trading and insurance brokerage, margin financing)
“Maturity Date”	the third anniversary date from the date of issue of the Convertible Bonds
“Placee(s)”	the placees under the Placing
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Emperor Securities

“Placing Agreement”	the placing agreement dated 3 March 2010 entered into between Allmighty Group and Placing Agent in relation to the placing of 264,810,000 existing Shares at a placing price of HK\$0.54 per Share
“Placing Price”	HK\$0.54 per Placing Share
“Placing Shares”	a maximum of 264,810,000 Shares to be placed pursuant to the Placing Agreement
“PRC”	The People’s republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Shikumen”	Shikumen Special Situations Fund, being one of the Subscribers, is an investment fund incorporated in the Cayman Islands
“SGM”	a special general meeting of the Company to be convened to approve the Tranche Two CB and the transactions contemplated thereunder including the grant of the Specific Mandate
“Specific Mandate”	the specific mandate to be sought by the Directors at the SGM to issue the 518,518,518 new Shares upon conversion of the Tranche Two CB
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	D. E. Shaw group, Shikumen and Main Wealth
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission
“Top-Up Placing”	the Placing and the Top-Up Subscription
“Top-Up Subscription Agreement”	the subscription agreement dated 3 March 2010 entered into between the Company and Allmighty Group pursuant to which Allmighty Group will subscribe up to 264,810,000 Top-Up Shares

“Top-Up Subscription”	the conditional subscription by Allmighty Group of the Top-Up Shares pursuant to the Top-Up Subscription Agreement
“Top-Up Shares”	up to 264,810,000 new Shares to be subscribed and issue to Allmighty Group pursuant to the Top-Up Subscription Agreement
“Tranche One CB”	the convertible bonds in an aggregate principal amount of HK\$100 million to be issued by the Company to the Subscribers
“Tranche Two CB”	the convertible bonds in an aggregate principal amount of HK\$280 million to be issued by the Company to the Subscribers upon their exercise of their options to subscribe
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 4 March 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

Independent Non-executive Directors:

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

* *for identification purposes only*