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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)

**ISSUE OF CONVERTIBLE BONDS**  
**SIGNING OF FORMAL AGREEMENT WITH SUBSCRIBERS**

Reference is made to the announcement of the Company dated 4 March 2010. The Board is pleased to announce that the Group, on 7 April 2010, has entered into the Formal Agreement with D. E. Shaw group, Shikumen and Main Wealth for the issue of the Convertible Bonds. The terms of the Formal Agreement are arrived at in accordance with and are substantially the same as the CB Subscription Term Sheet.

Reference is made to the announcement of the Company dated 4 March 2010 in relation to, inter alia, the proposed issue of the Convertible Bonds of the Company (the “Announcement”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

**ISSUE OF CONVERTIBLE BONDS**

**THE FORMAL AGREEMENT DATED 7 APRIL 2010**

The Board is pleased to announce that the Group, on 7 April 2010, has entered into an agreement with D. E. Shaw group, Shikumen and Main Wealth for the issue of convertible bonds (the “Formal Agreement”). The Formal Agreement supercedes the CB Subscription Term Sheet.

**Issuer of convertible bonds**

It is now agreed between the parties of the Formal Agreement that the issuer of the convertible bonds will be Winner Sea Enterprise Limited (“Winner Sea”) instead of the Company and such convertible bonds (“Convertible Bonds”) to be issued by Winner Sea can be converted into shares of the Company pursuant to the terms and conditions of the Formal Agreement and the terms of the Convertible Bonds. The Company guarantees the payment of all sums expressed to be payable by Winner Sea under the Convertible

Bonds. Winner Sea is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company.

### **CONDITIONS FOR THE CONVERTIBLE BONDS**

Pursuant to the Formal Agreement, the conditions for tranche one Convertible Bonds to be issued by Winner Sea are, inter alia:

1. the entering into an agency agreement with an agent in respect of payments, conversions and transfers made pursuant to the terms of the Convertible Bonds in Euroclear;
2. the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares for tranche one Convertible Bonds; and
3. there having been delivered to the Subscribers opinions, in form and substance reasonably satisfactory to each Subscriber, of (i) legal advisors to Winner Sea as to the British Virgin Islands laws and (ii) legal advisors to Winner Sea and Company as to Hong Kong laws relating to the issue of the Convertible Bonds.

Condition 3 above also applies to tranche two Convertible Bonds in addition to those conditions set out in the Announcement.

Subject to the conditions above being fulfilled, completion of tranche one Convertible Bonds is expected to take place on 13 April 2010. Upon completion, Convertible Bonds in the principal amount of HK\$100,000,000 will be issued to the Subscribers.

Other than the aforesaid changes, the terms of the Formal Agreement are arrived at in accordance with and are substantially the same as the CB Subscription Term Sheet.

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

Hong Kong, 8 April 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*