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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)

**PLACING OF NEW SHARES AND CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

Placing Agent



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

PLACING OF NEW SHARES

On 13 January 2010 (after trading hours), the Company entered into the New Share Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 450,000,000 new Shares to not less than six Places at a price of HK\$0.51 per Placing Share.

The maximum of 450,000,000 Placing Shares represent (i) 10.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the issue of a maximum of 450,000,000 Placing Shares.

The Placing Price represents (i) a discount of approximately 3.77% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on 13 January 2010, being the date of the New Share Placing Agreement; and (ii) a discount of approximately 1.35% to the average closing price of HK\$0.517 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 13 January 2010.

The New Share Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

PLACING OF CONVERTIBLE BONDS

On 13 January 2010 (after trading hours), the Company also entered into the CB Placing Mandate with the Placing Agent pursuant to which the Placing Agent was granted a mandate to procure Subscriber(s) to subscribe up to the Maximum Principal Amount of the Convertible Bonds, on a best effort basis, within the CB Placing Period. Upon successful procurement of the Subscriber(s) and the final terms (including the Conversion Price and the commission payable to the Placing Agent) of the CB Placing being agreed between the parties, further announcement will be made by the Company in respect of the further details of the CB Placing in accordance with the requirement of the Listing Rules.

Pursuant to the CB Placing Mandate, each Subscriber and its ultimate beneficial owners shall not be connected persons of the Company, and are third parties independent of the Company and connected persons of the Company.

The Convertible Bonds will not be listed on any stock exchange. However, the Shares to be issued upon conversion of the Convertible Bonds will be listed on the Stock Exchange. The Conversion Shares, being up to 10% of the existing issued share capital of the Company to be allotted and issued upon Conversion will be allotted and issued pursuant to the General Mandate.

USE OF PROCEEDS

The aggregate gross proceeds from the New Share Placing will be approximately HK\$229.5 million. The Company intends to use the net proceeds of approximately HK\$227.1 million from the New Share Placing and the amount of net proceeds to be received from the CB Placing mainly for expansion of its retail outlets in Hong Kong, Macau and the PRC.

Shareholders and potential investors should note that completion of the New Share Placing are subject to fulfillment of the conditions under the New Share Placing Agreement and that completion of CB Placing are subject to further agreement on the final terms of the CB Placing. As the New Share Placing and CB Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

CONNECTED TRANSACTIONS

The Placing Agent is an indirect wholly-owned subsidiary of Emperor Capital Group. The Company and Emperor Capital Group are indirectly owned as to 74.90% and 46.20% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of the Company and Emperor Capital Group. As such, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the New Share Placing Agreement and CB Placing Mandate constitute connected transactions for the Company.

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 placing commission payable under the New Share Placing Agreement is more than HK\$1,000,000. The New Share Placing Agreement will be subject to the reporting and announcement requirements as 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. While the final terms of the CB Placing have not been agreed at this stage, the Company will comply with the relevant provisions under Chapter 14A of the Listing Rules in respect of the CB Placing as and when appropriate.

THE NEW SHARE PLACING AGREEMENT

Date

13 January 2010

Issuer

The Company

Placing Agent

Emperor Securities, an indirect wholly-owned subsidiary of Emperor Capital Group

Placees

Pursuant to the New Share Placing Agreement, 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 with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. The Placing Agent has advised that all the Placing Shares have been successfully placed out. It is not expected that any of the Placees will become a substantial Shareholder of the Company as a result of the New Share Placing.

Placing Shares

Pursuant to the New Share Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 450,000,000 Placing Shares at the Placing Price. The maximum of 450,000,000 Placing Shares represent (i) 10.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the issue of a maximum of 450,000,000 Placing Shares. The aggregate nominal value of the maximum number of 450,000,000 Placing Shares is HK\$4,500,000.

Placing Price

The Placing Price represents (i) a discount of approximately 3.77% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on 13 January 2010, being the date of the New Share Placing Agreement; and (ii) a discount of approximately 1.35% to the average closing price of HK\$0.517 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 13 January 2010.

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

The directors of the Company consider that the terms of the New Share Placing Agreement (including the Placing Price) are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Conditions of the New Share Placing

Completion of the New Share Placing is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares; and
- (ii) any other approvals as may be required for the New Share Placing.

The New Share Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 12 February 2010 or such other date as mutually agreed between the Company and the Placing Agent and in such event either party shall have no claim against each other, save for those expressly reserved and agreed in the New Share Placing Agreement.

Termination and force majeure

The New Share Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the New Share Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the New Share Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the New Share Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the New Share Placing;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the New Share Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the New Share Placing;
- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the New Share Placing Agreement;
- (v) any adverse change in the business, financial or trading position of any member of the Group which is material to the New Share Placing; or

- (vi) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the New Share Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group or will otherwise likely to have a material prejudicial effect on the New Share Placing.

Completion

Completion of the New Share Placing shall take place within two Business Days after all the conditions as set out in the New Share Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.

Placing commission

The Placing Agent shall receive a placing commission of 1.00% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

General Mandate

The maximum of 450,000,000 Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 900,000,000 Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

THE CB PLACING MANDATE

On 13 January 2010 (after trading hours), the Company also entered into the CB Placing Mandate with the Placing Agent pursuant to which the Placing Agent was granted a mandate to procure Subscriber(s) to subscribe up to the Maximum Principal Amount of the Convertible Bonds, on a best effort basis, within the CB Placing Period. Upon successful procurement of the Subscriber(s) and the final terms (including the Conversion Price and the commission payable to the Placing Agent) of the CB Placing being agreed between the parties, further announcement will be made by the Company in respect of the further details of the CB Placing in accordance with the requirement of the Listing Rules.

Pursuant to the CB Placing Mandate, each Subscriber and its ultimate beneficial owners shall not be connected persons of the Company, and are third parties independent of the Company and connected persons of the Company.

The Convertible Bonds will not be listed on any stock exchange. However, the Shares to be issued upon conversion of the Convertible Bonds will be listed on the Stock Exchange. The Conversion Shares, being up to 10% of the existing issued share capital of the Company to be allotted and issued upon Conversion will be allotted and issued pursuant to the General Mandate. Assuming (i) the maximum number of Placing Shares has been successfully placed and (ii) the Maximum Principal Amount of the Convertible Bonds has been successfully placed and full conversion of the Convertible Bonds, the General Mandate will be fully utilized.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the New Share Placing, assuming a maximum of 450,000,000 Placing Shares are successfully placed by the Placing Agent and (iii) assuming the maximum number of Placing Shares has been successfully placed and the Maximum Principal Amount of the Convertible Bonds has been successfully placed and full conversion of the Convertible Bonds.

	As at the date of this announcement		Upon completion of the New Share Placing		Upon completion of the New Share Placing and CB Placing and after full conversion the Convertible Bonds (for illustrative purpose only)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Allmighty Group Limited	3,370,480,000	74.90	3,370,480,000	68.09	3,370,480,000	62.42
The Placees who hold the new Shares (<i>Note</i>)	–	–	450,000,000	9.09	450,000,000	8.33
The Subscribers who hold the Convertible Bonds (<i>Note</i>)	–	–	–	–	450,000,000	8.33
Other public Shareholders	1,129,520,000	25.10	1,129,520,000	22.82	1,129,520,000	20.92
Total	<u>4,500,000,000</u>	<u>100.00</u>	<u>4,950,000,000</u>	<u>100.00</u>	<u>5,400,000,000</u>	<u>100.00</u>

Note: Pursuant to the New Share Placing Agreement and the CB Placing Mandate, the Placing Agent agreed to procure that the Placees and the Subscribers and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees and the Subscribers are treated as public Shareholders.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The gross proceeds from the New Share Placing and will be approximately HK\$229.5 million. The Company intends to use the net proceeds of approximately HK\$227.1 million from the New Share Placing and the amount of net proceeds to be received from the CB Placing mainly for expansion of its retail outlets in Hong Kong, Macau and the PRC. The net placing price of Placing Shares will be approximately HK\$0.50 per Share.

The directors of the Company are of the view that the issue of Placing Shares and the Conversion Shares will broaden the Shareholders' portfolio and strengthen the financial position of the Group. The New Shares Placing and the CB Placing will enhance the Group's flexibility in future business developments as and when opportunities arise.

The directors of the Company (including the independent non-executive directors) consider that the terms of the New Share Placing Agreement and the CB Placing Mandate are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONNECTED TRANSACTIONS

The Company is an investment holding company and its subsidiaries are principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong, Macau and the PRC.

The Placing Agent is an indirect wholly-owned subsidiary of Emperor Capital Group. The Company and Emperor Capital Group are indirectly owned as to 74.90% and 46.20% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of the Company and Emperor Capital Group. As such, the Placing Agent is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the New Share Placing Agreement and CB Placing Mandate constitute connected transactions for the Company.

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 placing commission payable under the New Share Placing Agreement is more than HK\$1,000,000. The New Share Placing Agreement will be subject to the reporting and announcement requirements as 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. While the final terms of the CB Placing have not been agreed at this stage, the Company will comply with the relevant provisions under Chapter 14A of the Listing Rules in respect of the CB Placing as and when appropriate.

GENERAL

The New Share Placing and the CB Placing are not subject to Shareholders' approval as the Placing Shares and Conversion Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the New Share Placing are subject to fulfillment of the conditions under the New Share Placing Agreement and that completion of CB Placing are subject to further agreement on the final terms of the CB Placing. As the New Share Placing and CB Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“CB Placing”	the best effort placing of Convertible Bonds up to the Maximum Principal Amount which will be convertible into Shares at the Conversion Price under the General Mandate
“CB Placing Mandate”	the placing mandate dated 13 January 2010 entered into between the Company and the Placing Agent in relation to the CB Placing
“CB Placing Period”	the period from the date of the CB Placing Mandate upto and including 12 February 2010
“Company”	Emperor Watch and 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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion”	conversion of the Convertible Bonds in accordance with its terms and conditions
“Convertible Bonds”	convertible bonds up the Maximum Principal Amount to be placed by the Placing Agent pursuant to the CB Placing Mandate

“Conversion Price”	the conversion price of the Convertible Bonds to be agreed by the Company and the Placing Agent pursuant to the CB Placing Mandate
“Conversion Share(s)”	means those Shares to be issued by the Company upon conversion of the Convertible Bonds, being up to 10% of the existing share capital of the Company ie 450,000,000 Shares
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor Capital Group”	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 type 4 (advising on securities) regulated activities as defined in Schedule 5 of the SFO and an indirect wholly-owned subsidiary of Emperor Capital Group
“General Mandate”	the general mandate which was granted to the directors of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company on 18 May 2009 to allot and issue 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
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected person(s) of the Company as defined in the Listing Rules and is(are) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maximum Principal Amount”	the maximum principal amount of Convertible Bonds to be placed by the Placing Agent pursuant to the CB Placing Mandate, which will be converted into a maximum of 450,000,000 Conversion Shares at the Conversion Price
“New Share Placing”	the best effect placing of up to 450,000,000 Placing Shares
“New Share Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 13 January 2010 in respect of the New Share Placing
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing Agent”	Emperor Securities
“Placing Price”	HK\$0.51 per Placing Share
“Placing Shares”	a maximum of 450,000,000 Shares to be issued under the New Shares Placing
“PRC”	The People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber(s)”	any independent institutional, professional and/or individual investor who is not party acting in concert (as defined under the Takeovers Code) with the Company, and such investor and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and connected persons of the Company under CB the Placing
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 January 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