ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Website: http://www.orientalwatch.com.hk

Announcement of Final Results
For the year ended 31 March 2003

The Board of Directors of Oriental Watch Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2003 together with the comparative figures for the previous year in 2002 as follows:

CONSOLIDATED INCOME STATEMENT

	Year ended 31 March	
	2003	2002
	HK$'000	*HK$'000*
Turnover	**1,901,779**	1,713,574
Cost of goods sold	**(1,739,504)**	(1,538,597)
Gross profit	**162,275**	174,977
Other operating income	**7,990**	9,879
Distribution costs	**(27,206)**	(26,137)
Administrative expenses	**(62,380)**	(63,884)
Gain on disposal of investment properties	**—**	5,170
Deficit arising on revaluation of investment properties	**(1,500)**	(2,100)
Profit from operations	**79,179**	97,905
Finance costs	**(1,603)**	(1,009)
Profit before taxation	**77,576**	96,896
Taxation *(note 1)*	**(12,091)**	(16,389)
Profit before minority interests	**65,485**	80,507
Minority interests	**—**	(1,265)
Net profit attributable to shareholders	**65,485**	79,242
Dividends *(note 2)*	**15,139**	19,267
Earnings per share *(note 3)*		
— Basic	**23.8 cents**	28.8 cents
— Diluted	**N/A**	28.5 cents

CONSOLIDATED BALANCE SHEET

	2003	2002
	HK$'000	*HK$'000*
Non-current assets		
Investment properties	**12,000**	13,500
Property, plant and equipment	**77,264**	79,142
Negative goodwill	**(3,626)**	(3,828)
Investments in securities	**8,798**	13,848
	94,436	102,662
Current assets		
Inventories	**446,718**	405,812
Trade and other receivables	**32,797**	16,778
Investments in securities	**610**	1,217
Taxation recoverable	**706**	3,526
Pledged bank deposits	**9,550**	22,300
Bank balances and cash	**101,069**	71,013
	591,450	520,646
Current liabilities		
Trade and other payables	**53,785**	40,259
Obligations under a finance lease due within one year	**78**	141
Taxation payable	**1,649**	2,409
Secured short-term bank loans	**24,245**	19,717
Bank overdrafts	**2,034**	4,140
	81,791	66,666
Net current assets	**509,659**	453,980
Total assets less current liabilities	**604,095**	556,642
Non-current liabilities		
Obligations under a finance lease due after one year	**46**	124
Deferred taxation	**290**	353
	336	477
Net assets	**603,759**	556,165
Capital and reserves		
Share capital	**27,525**	27,525
Reserves	**576,234**	528,640
Shareholders' funds	**603,759**	556,165

Notes:

1. Taxation

	2003	2002
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profit for the year	**(13,057)**	(16,317)
Overprovision in prior years	**1,443**	173
	(11,614)	(16,144)
Mainland China income tax	**(540)**	(262)
Deferred taxation	**63**	17
	(12,091)	(16,389)

The income tax in Mainland China (the "PRC") is calculated at the rates prevailing pursuant to the relevant laws and regulations.

2. Dividends

	2003	2002
	HK$'000	*HK$'000*
Interim dividend of 2.0 Hong Kong cents (2002: 2.5 Hong Kong cents) per share	**5,505**	6,881
Proposed final dividend of 3.5 Hong Kong cents (2002: 4.5 Hong Kong cents) per share	**9,634**	12,386
	15,139	19,267

The final dividend proposed for the year ended 31 March 2003 is calculated on the basis of 275,253,200 shares in issue at the date of this report.

3. Earnings per share

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2003	2002
	HK$'000	*HK$'000*
Earnings:		
Net profit attributable to shareholders and earnings for the purposes of basic and diluted earnings per share	**65,485**	79,242

	Number of shares	
	2003	2002
Number of shares for the purposes of basic earnings per share	**275,253,200**	275,253,200
Potential dilutive shares issuable under the Company's share option scheme	**—**	2,872,972
Weighted average number of shares for the purposes of diluted earnings per share	**275,253,200**	278,126,172

4. Business and geographical segment

The Group's operation is regarded as a single segment, being an enterprise engaged in watch trading.

Analysis of the Group's turnover and results as well as analysis of carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as they are substantially generated from and situated in Hong Kong.

FINAL DIVIDEND

The Directors are pleased to propose a final dividend of 3.5 Hong Kong cents per share (2002: 4.5 Hong Kong cents) for the year ended 31 March 2003 to members, whose names appear on the Register of Members on 28 August 2003. The dividend will be paid on or before 18 September 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 August 2003 to 28 August 2003 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Secretaries Limited at Ground Floor, BEA Harbour Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. 21 August 2003.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 March 2003, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on The Stock Exchange of Hong Kong Limited.

STAFF AND EMPLOYMENT

As at 31 March 2003, the Group has a work force of about 160. The Group employs and remunerates its staff based on their performance and experience. In addition to the basic salary payment, employees are covered by the Group's medical scheme, discretionary bonus and mandatory provident fund scheme.

BUSINESS REVIEW AND PROSPECT

For the year ended 31 March 2003, the Group recorded a consolidated turnover of HK$1,902million (2002: HK$1,714 million), representing an increase of approximately 11.0%, and the profit attributable to shareholders of HK$65.5 million decreased by 17.3% (2002: HK$79.2 million) compared to the same period of last year. Basis earnings per share for the year was 23.8 Hong Kong cents (2002: 28.8 Hong Kong cents), representing a decline of 17.4% over last year.

During the period, both the economic and political situation in Hong Kong has been very tough. As indicated by the Census and Statistic Department, total retail sales in Hong Kong has dropped 4.1%. The overall purchasing power and purchasing will of the Hong Kong population is still repressive. However, Mainland Chinese tourist-related business had increased for the past couple of years and is still growing. The Group had long looked into this opportunity and has been promoting our shops to the Mainland tourists through different medias. The results are quite satisfactory, thus we will further increase our exposure towards this targeted group. Other than strengthening the local market, the Group is also working on ways to expand our customer base. All these efforts have been reflected from the increase of the Group's turnover in this financial period under review. Although this year our net profit had decreased due to strong competition in the current difficult economy, the management believes that our growth in market share will put us in a stronger position once the slackened economy starts to grow.

Business development in China has been encouraging, turnover and profits have recorded steady growth. As the economic, operational and political environment of China become more in favour of business development, the management strongly believes that putting more emphasis in the PRC business will further enhance its contribution to our future profits. Thus, the Group is now actively looking for good locations in the major cities of Mainland China for opening retail stores. Establishing a retail network in the major cities of the PRC is the short to mid-term target of the Group. To have a definite presence in the PRC retail market will be our longterm goal. Along with the growth of China's economy, these investments will eventually bear fruitful results. Moreover, the recent signing of the Closer Economic Partnership Arrangement (the"CEPA") between the Central Government of the PRC and the HKSAR Government may offer some new opportunities for developing retail business in the PRC. The management will actively pursue this prospect.

The coming year will be yet another challenging year to the Group. Although our first quarter results will have been affected by the SARS outbreak; as long as the incident is not recurring, the management expects this to be a one-quarter phenomenon. The Group has anticipation that we will be able to recover from the damage caused by the SARS outbreak and catch up on the turnover in the remaining quarters.

Notwithstanding the difficult local market environment ahead, the Group will adopt effective pricing, marketing and cost control strategies to maintain its competitiveness, market share and healthy financial position. Moreover, the Group will put full effort in providing better quality customer service while keeping the company's overhead under tight control.

On behalf of the Board, I would like to take this opportunity to express gratitude to our shareholders, customers, and colleagues for their support and contributions to the Group in the last twelve months. I look forward to continuing and improving relationships with Group for many more periods ahead.

LIQUIDTY AND CAPITAL RESOURCES

Despite the less than satisfactory results, the Group can still maintain its policy of conservative capital management with its gearing ratio at prudent level. The financial foundation of the Group is strong with ample cash flow. Based on the solid cash position and banking facilities, the Group has healthy working capital and liquidity to meet its operating and expansion needs. At the end of the financial year under review, the Group's net assets amounted to HK$604 million (2002: HK$556 million) with a net asset value per share HK$2.19 (2002: HK$2.02). The Group's net current assets increased by approximately 12.3% to HK$510 million (2002: HK$454 million). Shareholders' funds at 31 March 2003 reached HK$604 million, up by 8.6% (2002: HK$556 million). The Group had cash on hand of HK$110.6 million (2002: HK$93.3 million) as at 31 March 2003 whilst bank loans and overdrafts totalled HK$26.3 million (2002: HK$23.9 million). The ratio of the Group's net bank borrowings was insignificant when compared to shareholders' funds.

CORPORATE GOVERNANCE

The company has complied throughout the year ended 31 March 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the financial information and other related information of the Group for the year ended 31 March 2003 required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board
Yeung Ming Biu
Chairman

Hong Kong, 9 July 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the above named company (the "Company") will be held at Chater Room, The Ritz-Carlton, 3 Connaught Road Central, Basement I., Hong Kong on 28 August 2003 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2003
2. To declare a final dividend of 3.5 Hong Kong cents per share for the year ended 31 March 2003.
3. To elect directors and to authorise the board of directors to fix their remuneration.
4. To appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board
Lam Hing Lun, Alain
Company Secretary

Hong Kong, 9 July 2003

Principal Office:
Room 312-8 China Insurance Group Building
141 Des Voeux Road Central
Central
Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

Please also refer to the published version of this announcement in The Standard.