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If you have sold or transferred all your shares in Oriental Watch Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 398)

PROPOSALS RELATING TO GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES NOTICE OF ANNUAL GENERAL MEETING AND RE-ELECTION OF DIRECTORS

The notice convening the annual general meeting of the Company to be held at Edinburgh Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on 27 August 2020 at 3:00 p.m. is set out on pages 9 to 13 of this circular.

LETTER FROM THE BOARD



ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 398)

Directors:

Yeung Ming Biu (*Chairman*)

Yeung Him Kit, Dennis (*Deputy Chairman and Managing Director*)

Yeung Man Yee, Shirley

Lam Hing Lun, Alain

Sun Ping Hsu, Samson*

Li Sau Hung, Eddy*

Choi Man Chau, Michael*

Principal Office:

Room 312-8

China Insurance Group Building

141 Des Voeux Road Central

Hong Kong

** Independent non-executive directors*

27 July 2020

To the shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
NOTICE OF ANNUAL GENERAL MEETING AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

At the annual general meeting of Oriental Watch Holdings Limited (the “Company”) for the year ended 31 March 2020, resolutions will be proposed to grant to the directors of the Company general mandates to issue and repurchase shares of the Company.

The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31 March 2020 (the “AGM”). In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), this circular also contains the explanatory statement and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, together with particulars of the directors proposed to be re-elected at the AGM.

GENERAL MANDATE TO ISSUE SHARES

At the AGM an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent of the share capital of the Company in issue on the date of the resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. On 21 July 2020 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 570,358,224 shares of HK\$0.10 each of the Company (“Shares”). On the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 114,071,644 Shares being issued by the Company. The mandate allows the Company to allot, issue and dispose of shares during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed that the directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules. Based on 570,358,224 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 57,035,822 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 31 March 2020 (being the date of its latest audited accounts), the directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its Memorandum of Association and Bye-laws to purchase its shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company.

The directors intend to apply the capital paid up on the relevant Shares or the profit that would otherwise be available for distribution by way of dividend for any purchase of its shares.

Directors, their close associates and core connected persons

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the close associates (as defined in the Listing Rules) of any of the directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

Undertaking of the directors

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

Effect of Takeovers Code

A repurchase of Shares by the Company may result in an increase in the proportionate interest of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Dr. Yeung Ming Biu (“Dr. Yeung”), who (together with his associates) held approximately 27.31 per cent of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Dr. Yeung in the Company would be increased to approximately 30.34 per cent of the issued share capital of the Company and such increase would give rise to an obligation on him to make a mandatory offer under Rule 26 of the Code.

Stock Exchange Rules for repurchases of shares

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate or by a special approval.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose.

General

During each of the six months preceding the date of this circular, no Share had been repurchased by the Company.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2019		
July	2.47	2.29
August	2.34	1.88
September	1.89	1.50
October	1.87	1.34
November	2.14	1.75
December	2.23	1.88
2020		
January	2.10	1.83
February	1.94	1.69
March	1.71	1.40
April	1.70	1.41
May	1.94	1.62
June	2.04	1.82
July (up to the Latest Practicable Date)	1.93	1.91

ANNUAL GENERAL MEETING

You will find on pages 9 to 13 of this circular a notice of the AGM to be held at 3:00 p.m. on 27 August 2020 at Edinburgh Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong. Voting at the AGM will be taken by poll.

Resolution no. 5A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company not exceeding 20 per cent of the total number of Shares in issue as at the date of the resolution.

Resolution no. 5B will be proposed as an ordinary resolution to give a general mandate to the directors to make on-market purchases of shares of the Company not exceeding 10 per cent of the total number of Shares in issue as at the date of the resolution.

Resolution no. 5C will be proposed as an ordinary resolution to extend resolution no. 5A to include the total number of Shares which are repurchased by the Company under the authority granted to the directors pursuant to resolution no. 5B.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

RE-ELECTION OF DIRECTORS

Resolutions will be proposed at the AGM for re-election of Mr. Yeung Him Kit, Dennis, Dr. Sun Ping Hsu, Samson and Mr. Choi Man Chau, Michael as directors according to the Company's Bye-laws. Their particulars are as follows:

Mr. Yeung Him Kit, Dennis ("Mr. Yeung"), aged 51, joined the Group in 1993 and has been the Deputy Chairman and the Managing Director of the Company since March 2003. He holds a bachelor degree in commerce from the University of Toronto, Canada. Mr. Yeung is the son of Dr. Yeung (a substantial shareholder, the Chairman and an executive director of the Company) and the brother of Madam Yeung Man Yee, Shirley (an executive director of the Company).

Dr. Sun Ping Hsu, Samson ("Dr. Sun"), M.B.E., J.P., aged 95, has been an independent non-executive director of the Company since September 1993 and is the Chairman of the audit committee and remuneration committee of the Company. He is the Chairman of Sun International Group of companies. Dr. Sun was deputy Chairman and a director of Gilman & Co., Ltd. and Inchcape Hong Kong respectively from 1967 to 1985. He is the honorary permanent president of The Federation of Hong Kong Watch Trades and Industries Limited, and has over 60 years' experience in the manufacturing, marketing and distribution of watches and 32 years' experience in the marketing and distribution of consumer and electronic products. He has involved in Mainland China trade since 1979, and continues to be active in both trading and property development in Mainland China. Dr. Sun has chaired many voluntary community services and charitable organisations. He was a member of Basic Law of HKSAR Consultative Committee in 1980's. He is an independent non-executive director of National Electronics Holdings Limited (Stock Code 213) and Cheuk Nang (Holdings) Limited (Stock Code 131), both listed on the Main Board of the Stock Exchange.

Mr. Choi Man Chau, Michael (“Mr. Choi”), aged 64, has been an independent non-executive director of the Company since September 2008. He is a member of the audit committee of the Company. Mr. Choi is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He is a Certified Public Accountant and has been practising public accountancy in Hong Kong for over 30 years.

Mr. Yeung receives basic monthly salary of HK\$236,250, and is entitled to a discretionary year end bonus. His emoluments are determined with reference to his experience and contribution to the Group. Each of Dr. Sun and Mr. Choi receives a director’s fee of HK\$180,000 per annum, which is determined with reference to the prevailing range of fees for independent non-executive directors of listed companies in Hong Kong.

None of the above-named directors has any service contract with the Company. They are not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

Dr. Sun brings to the board of directors of the Company (the “Board”) his extensive business experience in Hong Kong and Mainland China, and as a veteran businessman in various industries contributes to the diversity of the Board.

Mr. Choi brings to the Board his substantial experience in accountancy, and as a professional accountant contributes to the diversity of the Board.

Each of Dr. Sun and Mr. Choi has served as an independent non-executive director of the Company for more than nine years. The Board considers that they are still independent as each of them meets the independence guidelines set out in Rule 3.13 of the Listing Rules and should be re-elected so that the Company can continue to benefit from their experiences and contribution to the diversity of the Board as described above.

The interests of the above-named directors in Shares within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as at the Latest Practicable Date were as follows:

- (a) Mr. Yeung had interests in 5,524,000 Shares (including an option to subscribe for 1,440,000 Shares during the period from 6 April 2011 to 5 April 2021 at the price of HK\$3.44 per Share);
- (b) Dr. Sun had interest in 3,200,000 Shares; and
- (c) Mr. Choi had no interest in Shares.

Save as disclosed above, the above-named directors confirm:

- (i) they have no relationships with any directors, senior management or substantial or controlling shareholders of the Company;
- (ii) they have no interests in shares of the Company within the meaning of Part XV of the SFO; and
- (iii) there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matter that need to be brought to the attention of shareholders of the Company.

RECOMMENDATION

The directors consider that the proposed granting of the mandates to issue and repurchase shares of the Company are in the interest of the Company and so recommend you to vote in favour of the relevant resolutions at the AGM. The directors will vote all their shareholdings in favour of such resolutions.

Yours faithfully,
By order of the Board
Yeung Ming Bui
Chairman

NOTICE OF ANNUAL GENERAL MEETING



ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 398)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the “Company”) will be held at 3:00 p.m. on 27 August 2020 at Edinburgh Room, 2nd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and independent auditor for the year ended 31 March 2020.
2. To declare a final dividend of 8.0 Hong Kong cents per share and a special dividend of 5.0 Hong Kong cents per share for the year ended 31 March 2020.
3. To elect directors and to authorise the board of directors to fix their remuneration.
4. To appoint auditor and to authorise the board of directors to fix its remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent of the total number of shares of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

B. **“THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the total number of shares of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. **“THAT** conditional upon resolution no. 5B above being passed, the total number of shares of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the total number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no.5A above.”

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

Hong Kong, 27 July 2020

Principal Office:

Room 312-8

China Insurance Group Building

141 Des Voeux Road Central

Hong Kong

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice (the “Meeting”) is entitled to appoint proxies to attend and vote in his stead. A proxy need not be a member of the Company. 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 certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) In order to determine entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 24 August 2020 to Thursday, 27 August 2020, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars in Hong Kong, Tricor Secretaries Limited at Level 54, Hopwell Centre, 183 Queen’s Road East, Hong Kong (the “Share Registrars”) not later than 4:30 p.m. on Friday, 21 August 2020.
- (3) In order to determine entitlement to the final dividend and the special dividend to be approved at the Meeting, the register of members of the Company will be closed from Thursday, 3 September 2020 to Friday, 4 September 2020, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrars not later than 4:30 p.m. on Wednesday, 2 September 2020.
- (4) In view of the ongoing Covid-19 pandemic and measures encouraged by the Hong Kong government on social distancing for prevention and control of its spread, the Company has decided to implement the following arrangements at the Meeting to safeguard the health and safety of the attending shareholders, staff and other stakeholders:
 - (i) Compulsory on-the-spot body temperature checks will be conducted on all shareholders, proxies or other attendees at the entry point(s) of the Meeting venue. Any person with a body temperature of over 37.4 degrees Celsius will not be permitted to enter the Meeting venue or will be required to leave the Meeting venue immediately.
 - (ii) All attendees must wear surgical face masks at all times (including queuing for registration) and to maintain a safe distance with other attendees.
 - (iii) No refreshments or drinks will be served, and there will be no corporate gift.
 - (iv) Shareholders will be required to complete a health declaration and the Company will refuse entry if the required declaration cannot be provided. Any person (a) who has travelled outside Hong Kong within 14 days immediately before the Meeting; (b) is subject to quarantine or self-quarantine in relation to Covid-19; or (c) has close contact with any person under quarantine or with recent travel history will be barred from the Meeting.
 - (v) Seating at the Meeting venue will be arranged so as to allow for appropriate social distancing. As a result, there will be limited capacity for shareholders to attend the Meeting.
 - (vi) Questions at the Meeting must be submitted in writing. If questions cannot be answered during the Meeting, answers will be provided on the Company’s website as soon as practicable after the Meeting.

Shareholders are reminded that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights and are encouraged to appoint the chairman of the Meeting as their proxy to vote on the relevant resolution(s) at the Meeting instead of attending the Meeting in person, by completing and returning the proxy form in the manner mentioned in Note (1) above. Shareholders should note that even with the precautions taken by the Company to minimise the risk of exposure to Covid-19, the risk cannot be eliminated. Accordingly, the Company strongly recommends shareholders who are elderly, infirm or suffering from any underlying medical conditions not to attend the Meeting in person.

If shareholders have any enquiries on the arrangements for the Meeting, please contact the Share Registrars as follows:

Tricor Secretaries Limited
Level 54, Hopwell Centre
183 Queen's Road East
Wan Chai
Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: +852 2980 1333
Fax: +852 2810 8185

The Company is monitoring the Covid-19 pandemic situation in Hong Kong and may implement additional measures closer to the date of the Meeting. Please check the Company's website at www.orientalwatch.com or the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for further updates on arrangements relating to the Meeting.

As at the date of this notice, the executive directors of the Company are Dr. Yeung Ming Biu (the Chairman), Mr. Yeung Him Kit, Dennis, Madam Yeung Man Yee, Shirley and Mr. Lam Hing Lun, Alain; and the independent non-executive directors are Dr. Sun Ping Hsu, Samson, Dr. Li Sau Hung, Eddy and Mr. Choi Man Chau, Michael.