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ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 398)

(1) CONDITIONAL CASH OFFER BY



MERDEKA SECURITIES LIMITED

ON BEHALF OF ORIENTAL WATCH HOLDINGS LIMITED

TO BUY-BACK UP TO 83,000,000 SHARES AT HK\$3.00 PER SHARE;

(2) APPLICATION FOR WHITEWASH WAIVER;

AND

(3) RESUMPTION OF TRADING

Financial adviser to the Company



Merdeka Corporate Finance Limited

THE OFFER

The Board announces that a conditional cash offer will be made by Merdeka Securities on behalf of the Company to buy-back for cancellation, subject to the fulfilment of the Conditions, up to 83,000,000 Shares, being the Maximum Number, representing approximately 14.55% of the issued Shares as at the date of this announcement, at the price of HK\$3.00 per Share.

The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of HK\$249 million if the Offer is accepted in full, will be paid in cash and will be funded by internal resources of the Group.

The principal terms and conditions of the Offer are summarized below in the section headed “THE OFFER”.

As at the date of this announcement, the Company has 570,358,224 issued Shares and 51,560,000 Share Options. Save as aforesaid, there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

Dr. Yeung has irrevocably undertaken to the Company that he will not, and will procure other members of Yeung Concert Group not to accept the Offer or transfer or dispose of any of the Principal Shares or exercise any Share Options held by them during the Offer Period.

Mr. Lam has irrevocably undertaken to the Company that he will not exercise any of the Share Options held by him during the Offer Period.

Under no circumstances will the Irrevocable Undertakings cease to be binding during the Offer Period.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer (taken into account the Irrevocable Undertakings from Yeung Concert Group and Mr. Lam), the aggregate interests of Yeung Concert Group may increase from 30.85% to a maximum level of approximately 36.10% upon completion of the Offer. Accordingly, Yeung Concert Group would be required to make a mandatory offer under Rule 26.1(d) of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it unless the Whitewash Waiver is granted.

An application will be made by Dr. Yeung to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

Please refer to the section headed “TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER” below for details.

SGM

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver, at which only Independent Shareholders can vote. Yeung Concert Group and those involved in and/or interested in the Offer and the Whitewash Waiver will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM.

OFFER DOCUMENT

The Offer Document, which will contain, amongst other things, details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. An Independent Financial Adviser will be appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

WARNING:

The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM shall not affect their decision as to whether to accept the Offer or not. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Monday, 31 August 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 September 2020.

INTRODUCTION

The Board announces that a conditional cash offer will be made by Merdeka Securities on behalf of the Company to buy-back for cancellation, subject to the fulfilment of the Conditions, up to 83,000,000 Shares, being the Maximum Number, representing approximately 14.55% of the issued Shares as at the date of this announcement, at the price of HK\$3.00 per Share.

The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of approximately HK\$249 million if the Offer is accepted in full, will be paid in cash and will be funded by internal resources of the Group.

The Company has appointed Merdeka Corporate Finance as its financial adviser.

THE OFFER

The salient terms of the Offer are as follows:

- i. Merdeka Securities will make the Offer to the Shareholders on behalf of the Company to buy-back the Shares, up to the Maximum Number, at the Offer Price;
- ii. Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down described under the section headed “Other Terms of the Offer” below);
- iii. The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- iv. All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “Other Terms of the Offer”;

- v. A Form of Acceptance which have been duly completed and received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- vi. Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares bought-back attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- vii. Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. The issued share capital of the Company shall be diminished by the nominal value of the Shares bought-back accordingly; and
- viii. Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Merdeka Securities and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

Under the Share Buy-backs Code, the Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to the other Conditions as referred to in the section headed “Conditions of the Offer” below.

The detailed terms of the Offer will be set out in the Offer Document.

THE OFFER PRICE

The Offer Price of HK\$3.00 per Share values the entire issued share capital of the Company as at the date of this announcement at approximately HK\$1,711.07 million.

The Offer Price represents:

- i. a premium of approximately 53.85% over the closing price per Share of HK\$1.95 as quoted on the Stock Exchange on the Last Trading Day;
- ii. a premium of approximately 55.44% over the average closing price per Share of approximately HK\$1.93 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- iii. a premium of approximately 56.25% over the average closing price per Share of approximately HK\$1.92 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;

- iv. a premium of approximately 57.89% over the average closing price per Share of approximately HK\$1.90 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day; and
- v. a discount of approximately 17.81% to the audited consolidated net asset value per Share of approximately HK\$3.65 based on the audited consolidated net asset value of the Company of approximately HK\$2,083.29 million as at 31 March 2020 set out in the annual report of the Company for the year ended 31 March 2020 and the issued share capital of the Company of 570,358,224 Shares as at the date of this announcement.

The Offer Price is determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions of companies listed on the Stock Exchange in recent years.

CONFIRMATION OF FINANCIAL RESOURCES

At the Offer Price, the Offer, if accepted in full, will result in the Company paying HK\$249 million in aggregate to the Accepting Shareholders in cash which will be funded by internal resources of the Group. Merdeka Corporate Finance is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the SGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the SGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived.

Yeung Concert Group and those involved in and/or interested in the Offer and the Whitewash Waiver will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM.

As at the date of this announcement, Mr. Lam does not hold any Share with voting right and he has irrevocably undertaken that he will not exercise any of his 3,600,000 Share Options during the Offer Period under the Mr. Lam Undertaking. Mr. Lam will not acquire any Shares during the Offer Period otherwise will constitute a disqualifying transaction (as defined in the Takeovers Code). Thus, Mr. Lam has no voting right at the SGM.

WARNING:

The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM shall not affect their decision as to whether to accept the Offer or not. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional, Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

Tenders duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional, unless in accordance with Rule 19.2 of the Takeovers Code. All Shares bought-back under the Offer will be cancelled.

The Offer will not be conditional on any minimum number of acceptances.

Shares will be bought-back free of commissions and dealing charges, but the seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders.

Acceptance of the Offer by any Accepting Shareholder will, subject to the Offer becoming unconditional, be deemed to constitute a warranty by such Shareholder that all Shares sold by such Shareholder under the Offer are free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature, and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation.

OTHER TERMS OF THE OFFER

Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula, save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in odd lots or fractional entitlements:

$$\frac{A}{B} \times C$$

A = 83,000,000 Shares, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company under the Offer will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Accepting Shareholders.

ODD LOTS

The Shares are currently traded in board lot of 2,000 Shares each. There is no intention to change the board lot size as a result of the Offer. Accepting Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. The Company will make arrangements to appoint a designated broker to match sales and purchases of odd lot holdings of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangements will be included in the Offer Document and will be disclosed by way of separate announcement as and when appropriate.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, Yeung Concert Group is interested in a total of 175,933,906 Shares (representing approximately 30.85% of the issued Shares as at the date of this announcement) and 4,320,000 Share Options (representing approximately 0.76% of the issued Shares as at the date of this announcement). Please refer to the section headed “CHANGES IN SHAREHOLDING STRUCTURE” below for details of its shareholding.

3,600,000 Share Options (representing approximately 0.63% of the issued Shares as at the date of this announcement) are held by Mr. Lam, an executive Director who is presumed to be acting in concert with Dr. Yeung under the definition of “acting in concert” in the Takeovers Code.

Dr. Yeung has irrevocably undertaken to the Company that he will not, and will procure other members of Yeung Concert Group not to accept the Offer or transfer or dispose of any of the Principal Shares or exercise any Share Options held by them during the Offer Period.

Mr. Lam has irrevocably undertaken to the Company that he will not exercise any of the Share Options held by him during the Offer Period.

Under no circumstances will the Irrevocable Undertakings cease to be binding during the Offer Period.

As at the date of this announcement, save for the Yeung Concert Group Undertakings and Mr. Lam Undertaking, neither the Company nor parties acting in concert with it has received any irrevocable commitment not to accept the Offer.

As at the date of this announcement, neither the Company nor parties acting in concert with it has received any irrevocable commitment to accept the Offer.

OVERSEAS SHAREHOLDERS

The making of the Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer. The Company reserves the right, subject to the consent of the Executive and the relevant legal requirements, to make special arrangements with respect to Overseas Shareholders whose receipt of the Offer Document and the Form of Acceptance is subject to the laws of the overseas jurisdiction. Details of the Offer in respect of Overseas Shareholders will be set out in the Offer Document. The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of Overseas Shareholders.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. Shareholders should consult their professional advisers if in doubt.

The Company shall give notice of any matter in relation to the Offer to the Shareholders by issuing announcements or advertisements in accordance with the Takeovers Code and Share Buy-backs Code and the Listing Rules and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any Overseas Shareholders to receive the same.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

TAKEOVERS CODE IMPLICATION AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Yeung Concert Group is, in aggregate, interested in 175,933,906 Shares, representing approximately 30.85% of the issued share capital of the Company. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer (taken into account the Irrevocable Undertakings from Yeung Concert Group and Mr. Lam), the aggregate interests of Yeung Concert Group may increase from 30.85% to a maximum level of approximately 36.10% upon completion of the Offer. Accordingly, Yeung Concert Group would be required to make a mandatory offer under Rule 26.1(d) of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it unless the Whitewash Waiver is granted.

An application will be made by Dr. Yeung to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, (i) the approval by at least 75% of the Independent Shareholders in attendance either in person or by proxy at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders in attendance either in person or by proxy at the SGM by way of poll in respect of the Offer.

The Offer will be conditional upon approval of the Independent Shareholders voting by way of poll at the SGM and the Whitewash Waiver being granted by the Executive, which would also be subject to the approval of the Independent Shareholders voting by way of poll at the SGM.

Under Note 15 to Rule 26.1 of the Takeovers Code, Yeung Concert Group shall be deemed to have a lowest percentage holding equal to its percentage holding immediately after completion of the Offer and is free to acquire and dispose of further voting rights in the Company within a band of 2% above such lowest percentage holding of voting rights in the Company in the 12 month period ending on the date of completion of the relevant acquisition without incurring an obligation to make a general offer. Within this band dispositions of voting rights may be netted off against acquisitions thereof.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the latter is not granted by the Executive, the Offer will not proceed and will immediately lapse.

As at the date of this announcement, the Company does not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

CHANGES IN SHAREHOLDING STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after completion of the Offer, assuming that (i) all Shareholders will accept the Offer in full (except Yeung Concert Group pursuant to the Yeung Concert Group Undertakings); and (ii) no additional Shares will be issued from the date of this announcement up to and including the date of completion of the Offer (save as a result of any exercise of the Share Options by their holders (excluding Yeung Concert Group and Mr. Lam)):

Shareholders	Immediately before completion of the Offer		Immediately after completion of the Offer (assuming no Share Options will be exercised from the date of this announcement up to and including the date of completion of the Offer)		Immediately after completion of the Offer (assuming all Share Options which are vested as at the date of this announcement have been fully exercised before completion of the Offer (excluding Share Options owned by Yeung Concert Group and Mr. Lam))	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Datsun (note 1)	127,776,000	22.40	127,776,000	26.22	127,776,000	24.06
Y.H. Chan Limited (note 1)	388,561	0.07	388,561	0.08	388,561	0.07
Dr. Yeung (note 1)	18,229,583	3.20	18,229,583	3.74	18,229,583	3.43
Madam Au Po Kee (note 1)	7,920,000	1.39	7,920,000	1.63	7,920,000	1.49
Mr. Yeung Him Kit, Dennis (note 2)	4,084,000	0.72	4,084,000	0.84	4,084,000	0.77
Madam Yeung Man Yee, Shirley (note 3)	1,421,161	0.25	1,421,161	0.29	1,421,161	0.27
Madam Yeung Man Wai, Mabel (note 4)	6,670,000	1.17	6,670,000	1.37	6,670,000	1.26
Madam Yeung Min Wah, Amy (note 5)	1,134,800	0.20	1,134,800	0.23	1,134,800	0.21
Mr. Fung Kong Yiu (note 7)	2,380,160	0.42	2,380,160	0.49	2,380,160	0.45
Ms. Cheong Wai Lin (note 7)	1,500,217	0.26	1,500,217	0.31	1,500,217	0.28
Mr. Chan Chi Ming, Jimmy (note 7)	4,429,424	0.78	4,429,424	0.91	4,429,424	0.83
Sub-total of Yeung Concert Group	175,933,906	30.85	175,933,906	36.10	175,933,906	33.13
Dr. Sun Ping Hsu, Samson (note 8)	3,200,000	0.56	2,526,720	0.52	2,593,600	0.49
Public Shareholders	391,224,318	68.59	308,897,598	63.38	352,470,718	66.38
Total	570,358,224	100.00	487,358,224	100.00	530,998,224	100.00

Notes:

- 1) Realtower Holdings Limited and Dr. Yeung are the respective beneficial owners of 55% and 10% of the issued share capital of Furama Investments Limited, which is the beneficial owner of 80% of the issued share capital of Datsun. Dr. Yeung and Madam Au Po Kee (his wife), are the beneficial owners of 15% and 10% respectively of the issued share capital of Real Champ Limited, which is the beneficial owner of 20% of the issued share capital of Datsun. Datsun is the beneficial owner of 127,776,000 shares in the Company.

Y.H. Chan Limited is the beneficial owner of 25% of the issued share capital of Furama Investments Limited. The remaining 10% interest of Furama Investments Limited is held by Ms. Cheong Wai Lin, Ms. Chan Yuen Fun, Nancy, Ms. Chan Yuen Man, Patricia, Mr. Chan Chi Ming, Jimmy and Mr. Chan Chi Chuean, Tony respectively as to 2% each, and except Ms. Cheong Wai Lin and Mr. Chan Chi Ming, Jimmy, they are independent third parties not connected with the Company or Yeung Concert Group. Y.H. Chan Limited also directly holds 388,561 Shares. Y.H. Chan Limited is beneficially owned by Dr. Yeung as to 42.5%, Mr. Yeung Him Kit Dennis as to 2.5%, Madam Yeung Man Wai Mabel as to 2.5%, Ms. Cheong Wai Lin as to 28% and Mr. Chan Chi Ming, Jimmy as to 7% and independent third parties not connected with the Company or Yeung Concert Group, namely Mr. Chan Chi Chuean Tony as to 7%, Ms. Chan Yuen Fun as to 3.5%, Ms. Chan Yuen Yee, Judy as to 3.5% and Ms. Chan Yuen Man Patricia as to 3.5%.

Realtower Holdings Limited is beneficially wholly owned by members of Yeung Concert Group, namely Dr. Yeung as to 10%, Madam Au Po Kee as to approximately 30.83%, Mr. Yeung Him Kit, Dennis and his spouse as to approximately 16.67%, Madam Yeung Man Yee, Shirley as to approximately 13.33%, Madam Yeung Man Wai, Mabel as to approximately 9.17%, Madam Yeung Min Wah, Amy as to approximately 15.83% and two grandchildren of Dr. Yeung as to approximately 4.17%.

Save that Dr. Yeung, Madam Au Po Yee, Mr. Yeung Him Kit, Dennis, Madam Yeung Man Yee, Shirley, Madam Yeung Man Wai, Mabel and Madam Yeung Min Wah, Amy are Shareholders with their respective interests disclosed in this announcement, other shareholders of Realtower Holdings Limited are not Shareholders. All the shareholders of Realtower Holdings Limited have not dealt with relevant securities of the Company in the past six months.

- 2) Mr. Yeung Him Kit, Dennis is the son of Dr. Yeung and an executive Director. He is the beneficial owner of 2.5% and 8% of the issued share capital of Y.H. Chan Limited and Real Champ Limited respectively. He and his spouse are the beneficially owner of approximately 16.67% of Realtower Holdings Limited.
- 3) Madam Yeung Man Yee, Shirley is a daughter of Dr. Yeung and an executive Director. She is the beneficial owner of approximately 13.33% of the issued share capital of Realtower Holdings Limited.
- 4) Madam Yeung Man Wai, Mabel is a daughter of Dr. Yeung. She is the beneficial owner of approximately 9.17%, 15% and 2.5% of the issued share capital of Realtower Holdings Limited, Real Champ Limited and Y.H. Chan Limited respectively.
- 5) Madam Yeung Min Wah, Amy is a daughter of Dr. Yeung. She is the beneficial owner of approximately 15.83% and 8% of the issued share capital of Realtower Holdings Limited and Real Champ Limited respectively.

- 6) The remaining 44% interest of Real Champ Limited are held by (i) Mr. Fung Kwong Yiu, a former employee of the Group, as to 6%; and (ii) 7 other individuals who are former employees of the Group and its related parties as to 15%, 8%, 8%, 3%, 2%, 1% and 1% respectively. All of these 8 individuals, except Mr. Fung Kwong Yiu who is also a director of Real Champ Limited and Datsun and is therefore a party acting in concert with Yeung Concert Group, are independent and not acting in concert with the Company or Yeung Concert Group.
- 7) Dr. Yeung, Mr. Yeung Him Kit, Dennis, Ms. Yeung Man Yee, Shirley and Mr. Fung Kwong Yiu are directors of Datsun.
- Dr. Yeung, Madam Au Po Kee, Mr. Yeung Him Kit, Dennis and Ms. Yeung Man Yee, Shirley and Ms. Cheong Wai Lin are directors of Furama Investments Limited.
- Mr. Fung Kwong Yiu and Mr. Yeung Him Kit, Dennis are directors of Real Champ Limited.
- Mr. Yeung Him Kit, Dennis, Ms. Yeung Man Wai, Mabel, Ms. Cheong Wai Lin and Mr. Chan Chi Ming, Jimmy are directors of Y.H. Chan Limited.
- 8) Dr. Sun Ping Hsu, Samson is an independent non-executive Director. He and his family members are the beneficial owners of the entire issued share capital of Sun International Limited, which is the beneficial owner of 3,200,000 shares in the Company. He and his family members are Independent Shareholders and not acting in concert with the Company or Yeung Concert Group.
- 9) Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As at the date of this announcement, save as disclosed herein, neither Dr. Yeung, nor parties acting in concert with him holds, owns, controls or has direction over any Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

DEALINGS IN SHARES

The Company has not bought-back any Shares in the six-month period prior to the date of this announcement, and will not conduct any on-market share buy-back from the date of this announcement up to and including the date at which the Offer closes, lapses or is withdrawn, as the case may be. Dr. Yeung has confirmed (for himself and on behalf of parties acting in concert with him) that there has been no dealings in the securities in the Company by him and parties acting in concert with him in the six months immediately prior to the date of this announcement.

OTHER ARRANGEMENTS

Save for the Irrevocable Undertakings, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares and other relevant securities of the Company, Datsun and/or Y.H. Chan Limited and/or Realtower Holdings Limited and/or Furama Investments Limited and/or Real Champ Limited which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement, to which the Company or Dr. Yeung or parties acting in concert with him is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver (save as those set out in the section headed “Conditions of the Offer” in this announcement above).

None of the Company, Dr. Yeung or parties acting in concert with him has borrowed or lent any relevant securities in the Company.

There is no understanding, arrangement, agreement or special deal between any Shareholder and the Company, Dr. Yeung and any party acting in concert with him.

Save for the Irrevocable Undertakings, there is no understanding, arrangement or agreement or special deal between (1) any Shareholder or any party acting in concert with it/him/her; and (2) either (a) Dr. Yeung or any party acting in concert with him; or (b) the Company, any party acting in concert with it or the Company’s subsidiaries or associated companies.

INFORMATION AND FUTURE INTENTIONS ON THE GROUP

The Group is principally engaged in watch trading. The business and management of the Group will remain unchanged and the Company’s listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major changes will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed as a result of the Offer.

REASONS FOR AND FINANCIAL EFFECTS OF THE OFFER

The price of the Shares has historically been traded at a significant discount to the Group’s net asset value per Share. Taking the closing price of the Shares of HK\$1.95 on the Last Trading Day as the reference date, the discounts to the Group’s net asset value per Share of HK\$3.65 as at 31 March 2020 for the below periods are as follows:

- (a) on the Last Trading Day: 46.58%;
- (b) discount to the Group’s net asset value per Share as extracted from the annual report of the Company for the year ended 31 March 2020 based on the average closing price per Share of approximately HK\$1.90 as quoted on the Stock Exchange for the three months up to and including the Last Trading Day: 47.95%;
- (c) discount to the Group’s net asset value per Share as at 31 March 2020 based on the average closing price per Share of approximately HK\$1.75 as quoted on the Stock Exchange for the six months up to and including the Last Trading Day: 52.05%; and
- (d) discount to the Group’s net asset value per Share as at 31 March 2020 based on the average closing price per Share of approximately HK\$1.75 as quoted on the Stock Exchange for the twelve months up to and including the Last Trading Day: 52.05%.

The Directors (other than the independent non-executive Directors, whose views will be set out in the Offer Document after considering the view of the Independent Financial Adviser) believe that the Offer provides an opportunity for Shareholders to realise part of their investments in the Company at a premium to recent market prices or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group, and that the Offer, if completed, is accretive to the net asset value per Share, thus benefiting all Shareholders.

The 17.81% discount to the Group's net asset value per Share as at 31 March 2020 as implied by the Offer Price as compared to the historical discounts to the Group's net asset value per Share of HK\$3.65 as at 31 March 2020 as noted above under items (a) to (d) also represents an opportunity for the Shareholders to monetize their shareholding at a smaller discount to the Group's net asset value per Share as at 31 March 2020.

Further details of the financial effects of the Offer, including the effects of the Offer on (i) the net assets of the Group, (ii) the Group's net asset value per Share and (iii) the earnings of the Group and earnings per Share, will be set out in the Offer Document.

GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver, at which only Independent Shareholders can vote. Yeung Concert Group and those involved in and/or interested in the Offer and the Whitewash Waiver will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. As at the date of this announcement, Mr. Lam does not hold any Share with voting right and he has irrevocably undertaken that he will not exercise any of his Share Options during the Offer Period under the Mr. Lam Undertaking. Thus, Mr. Lam will not have any voting right at the SGM.

The Offer Document, which will contain, amongst other things, details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. An Independent Financial Adviser will be appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver. An announcement on such appointment will be released as soon as possible.

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 have been declared and will be paid on or about 17 September 2020 to Shareholders on its register of members on 4 September 2020. The amount of such dividends will not be deducted from the Offer Price. The Company does not intend to declare any dividend during the Offer Period.

Shareholders and potential investors of the Company should note that the Offer is subject to all of the Conditions being fulfilled in full. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code) including any person who owns or controls 5% or more of any class of relevant securities of the Company and/or Datsun and/or Y.H. Chan Limited and/or Realtower Holdings Limited and/or Furama Investments Limited and/or Real Champ Limited are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Monday, 31 August 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 September 2020.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Accepting Shareholder(s)”	Shareholder(s) accepting the Offer
“acting in concert “	has the meaning ascribed to it under the Takeovers Code
“Board “	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	Oriental Watch Holdings Limited, a company incorporated in Bermuda as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00398)
“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “Conditions of the Offer” in this announcement
“Datsun”	Datsun Holdings Limited, a substantial Shareholder
“Director(s)”	the director(s) of the Company
“Dr. Yeung”	Dr. Yeung Ming Biu, who is the chairman of the Board and an executive Director
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance to be issued with the Offer Document to Shareholders for use by such persons in connection with the Offer
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Dr. Sun Ping Hsu, Samson, Dr. Li Sau Hung, Eddy and Mr. Choi Man Chau, Michael, who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Yeung Concert Group; (ii) Shareholders who are involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder); and (iii) any person who may be required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM in accordance with the Takeovers Code and the Share Buy-backs Code
“Irrevocable Undertakings”	the Yeung Concert Group Undertakings and Mr. Lam Undertaking
“Last Trading Day”	Friday, 28 August 2020, being the last full trading day of the Shares on the Stock Exchange prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number”	83,000,000 Shares, being the maximum number of Shares to be bought-back pursuant to the Offer, representing approximately 14.55% of the issued Shares as at the date of this announcement
“Merdeka Corporate Finance”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company
“Merdeka Securities”	Merdeka Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Mr. Lam”	Mr. Lam Hing Lun, Alain, an executive Director
“Mr. Lam Undertaking”	the irrevocable undertaking given by Mr. Lam to the Company that he will not exercise any of his 3,600,000 Share Options during the Offer Period which under no circumstances will cease to be binding during the Offer Period

“Offer”	a conditional cash offer by Merdeka Securities on behalf of the Company to buy-back Shares up to the Maximum Number at the Offer Price from Shareholders
“Offer Document”	a circular to the Shareholders (comprising, amongst others, the document containing the Offer, a notice of the SGM, proxy form for voting at the SGM and the Form of Acceptance) to be issued by the Company in connection with the Offer and the Whitewash Waiver
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of this announcement
“Offer Price”	HK\$3.00 per Share
“Oversea Shareholder(s)”	Shareholder(s), whose addresses as shown on the register of members of the Company are outside Hong Kong
“Principal Shares”	a total of 175,933,906 Shares held by Yeung Concert Group
“relevant security(ies)”	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve resolutions in respect of the Offer and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Buy-backs Code”	the Code on Share Buy-backs of Hong Kong
“Shareholder(s)”	holder(s) of Share(s)
“Share Options”	the 51,560,000 outstanding share options granted pursuant to the Company’s share option scheme adopted on 3 November 2003, which are vested and exercisable as at the Latest Practicable Date entitling their holders to subscribe for a total of 51,560,000 new Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Dr. Yeung to make a mandatory general offer for all the Shares not already owned by Yeung Concert Group under Rule 26.1(d) of the Takeovers Code, which may otherwise arise as a result of completion of the Offer
“Yeung Concert Group”	Dr. Yeung and parties acting in concert with him (including Datsun, Y.H. Chan Limited, Furama Investments Limited, Realtower Holdings Limited, Real Champ Limited, Madam Au Po Kee, Mr. Yeung Him Kit, Dennis, Madam Yeung Man Yee, Shirley, Madam Yeung Man Wai, Mabel, Madam Yeung Min Wah, Amy and their close relatives, and Mr. Fung Kwong Yiu, Ms. Cheong Wai Lin and Mr. Chan Chi Ming, Jimmy)
“Yeung Concert Group Undertakings”	the irrevocable undertakings given by Dr. Yeung to the Company that he will not, and will procure other members of Yeung Concert Group not to, accept the Offer or transfer or dispose of any of the Principal Shares or exercise any Share Options held by them during the Offer Period
“%”	per cent

By Order of the Board
Yeung Ming Bui
Chairman

Hong Kong, 14 September 2020

As at the date of this announcement, the executive directors of the Company are Dr. Yeung Ming Bui (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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.