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ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the “Company”)

(Stock Code: 398)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The Board of Directors of Oriental Watch Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		(Unaudited)	
		Six months ended	
		30 September	30 September
		2014	2013
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover		1,531,637	1,710,146
Cost of goods sold		(1,276,403)	(1,401,135)
Gross profit		255,234	309,011
Other income, gains and losses		27,423	13,562
Distribution and selling expenses		(102,818)	(118,210)
Administrative expenses		(162,438)	(169,799)
Finance costs		(9,923)	(11,741)
Share of results of associates		349	(48)
Share of results of joint ventures		6,061	3,852
Profit before taxation	4	13,888	26,627
Income tax expense	5	(2,932)	(6,820)
Profit for the period		10,956	19,807

		(Unaudited)	
		Six months ended	
		30 September	30 September
		2014	2013
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		3,349	9,908
Change in fair value of available-for-sale financial assets		(4,118)	91
Other comprehensive (expense) income for the period		(769)	9,999
Total comprehensive income for the period		<u>10,187</u>	<u>29,806</u>
Profit (loss) for the period attributable to:			
Owners of the Company		11,059	19,935
Non-controlling interests		(103)	(128)
		<u>10,956</u>	<u>19,807</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		10,286	29,949
Non-controlling interests		(99)	(143)
		<u>10,187</u>	<u>29,806</u>
Earnings per share			
— Basic	7	<u>1.94 HK cents</u>	<u>3.49 HK cents</u>
— Diluted	7	<u>1.94 HK cents</u>	<u>3.49 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

		(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	8	259,484	280,179
Deposits for acquisition of property, plant and equipment		—	530
Interests in associates		36,382	35,969
Interests in joint ventures	9	129,267	145,541
Available-for-sale financial assets		5,633	14,779
Deferred tax assets		550	807
Property rental deposits		18,703	36,925
		<u>450,019</u>	<u>514,730</u>
Current assets			
Inventories		1,769,501	1,787,924
Trade and other receivables	10	152,965	123,470
Taxation recoverable		4,940	7,884
Bank balances and cash		450,764	425,099
		<u>2,378,170</u>	<u>2,344,377</u>
Current liabilities			
Trade and other payables	11	193,205	145,171
Taxation payable		3,176	2,640
Bank loans	12	248,078	288,924
		<u>444,459</u>	<u>436,735</u>
Net current assets		<u>1,933,711</u>	<u>1,907,642</u>
Total assets less current liabilities		<u>2,383,730</u>	<u>2,422,372</u>
Non-current liabilities			
Bank loans	12	155,015	202,500
Deferred tax liabilities		1,939	1,857
		<u>156,954</u>	<u>204,357</u>
Net assets		<u><u>2,226,776</u></u>	<u><u>2,218,015</u></u>
Capital and reserves			
Share capital	13	57,061	57,061
Reserves		2,168,261	2,159,401
Equity attributable to owners of the Company		<u>2,225,322</u>	<u>2,216,462</u>
Non-controlling interests		1,454	1,553
Total equity		<u><u>2,226,776</u></u>	<u><u>2,218,015</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretation to HKAS(s) and Hong Kong Financial Reporting Standards (“HKFRS(s)”) issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) — INT 21	Levies

The application of the new amendments and interpretation to HKAS(s) and HKFRS(s) in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operation is principally sales of watches. The Group's turnover represents consideration received or receivable from sales of watches.

The Group has two operating segments, which are analysed based on geographical markets of the goods sold, being (a) Hong Kong, and (b) Taiwan, Macau and the People's Republic of China (the "PRC"), which is also the basis of organisation of the Group for managing the business operations. The Group determines its operating segments based on the internal reports reviewed by the Managing Director of the Company that are used to allocate resources and assess performance.

The following is an analysis of the Group's segment revenue and results by operating segments.

	Turnover		Results	
	Six months ended		Six months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,068,521	1,154,459	16,474	43,963
Taiwan, Macau and the PRC	463,116	555,687	(4,688)	221
	<u>1,531,637</u>	<u>1,710,146</u>	<u>11,786</u>	<u>44,184</u>
Unallocated other income			14,118	661
Unallocated corporate expenses			(8,503)	(10,281)
Finance costs			(9,923)	(11,741)
Share of results of associates			349	(48)
Share of results of joint ventures			6,061	3,852
Profit before taxation			<u>13,888</u>	<u>26,627</u>

Segment profit represents the profit earned by each segment without allocation of finance costs, share of results of associates and joint ventures and unallocated other income and expenses. Unallocated other income include gain on disposal of property, plant and equipment and interest income. Unallocated expenses include auditor's remuneration, directors' emoluments and operating expenses of inactive companies. This is the measure reported to the Managing Director of the Company for the purposes of resources allocation and performance assessment.

All segment revenue is generated from external customers for both periods.

The following is an analysis of the Group's assets by operating segments:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Hong Kong	1,249,837	1,267,683
Taiwan, Macau and the PRC	945,602	960,491
Segment total	2,195,439	2,228,174
Unallocated	632,750	630,933
Total assets	2,828,189	2,859,107

4. PROFIT BEFORE TAXATION

	Six months ended	
	30 September 2014 HK\$'000	30 September 2013 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	20,599	23,063
Directors' remuneration	7,023	8,774
and after crediting:		
Gain on disposal of property, plant and equipment	12,873	—
Interest income	1,245	661

5. INCOME TAX EXPENSE

Six months ended	
30 September 2014 HK\$'000	30 September 2013 HK\$'000

The charge comprises:

Hong Kong Profits Tax	1,613	5,556
Taxation in other jurisdictions	977	891
	<u>2,590</u>	<u>6,447</u>
Deferred taxation	342	373
	<u>2,932</u>	<u>6,820</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

Taxation in other jurisdictions is calculated at the rates prevailing pursuant to the relevant laws and regulations.

6. DIVIDEND

During the current interim period, a final dividend of 0.25 HK cent per share, totalling HK\$1,426,000, in respect of the year ended 31 March 2014 (2013: 5.0 HK cents per share, totalling HK\$28,531,000) was approved at the annual general meeting held on 12 August 2014.

The directors resolved to declare an interim dividend of 0.75 HK cent per share in respect of the six months ended 30 September 2013, totalling HK\$4,280,000. No interim dividend was paid, declared or proposed during the period ended 30 September 2014.

On 19 November 2014, the directors resolved to declare a special dividend of 0.5 HK cent per share for the six months ended 30 September 2014, totalling HK\$2,853,000. The special dividend will be payable in cash to those shareholders whose names appear on the Company's register of members on 12 December 2014.

7. EARNINGS PER SHARE

	Six months ended	
	30 September 2014 HK\$'000	30 September 2013 HK\$'000
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>11,059</u>	<u>19,935</u>

	Number of shares Six months ended	
	30 September 2014	30 September 2013
Weighted average number of shares for the purpose of basic and diluted earnings per share	<u>570,610,224</u>	<u>570,610,224</u>

The diluted earnings per share for the six months ended 30 September 2014 and 30 September 2013 has not included the effect from the Company's share options because the exercise prices of the share options are higher than the average market price of the Company during both periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group incurred expenditure of HK\$6,303,000 (2013: HK\$18,643,000) to acquire property, plant and equipment for its operation.

The Group has pledged certain land and buildings with an aggregate carrying value of HK\$97,125,000 (31 March 2014: HK\$98,282,000) to a bank to secure the bank loan facilities granted to the Group.

9. INTERESTS IN JOINT VENTURES

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Cost of investments in unlisted joint ventures	21,807	21,807
Exchange adjustment	1,002	837
Share of post-acquisition profits	<u>16,219</u>	<u>10,158</u>
	39,028	32,802
Amount due from a joint venture (<i>note</i>)	<u>90,239</u>	<u>112,739</u>
	<u>129,267</u>	<u>145,541</u>

Note: The amount is unsecured, interest free and has no fixed repayment term. The Group expects the amount would be settled after twelve months from the end of the reporting period and therefore classifies the amount as a non-current asset.

10. TRADE AND OTHER RECEIVABLES

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Trade receivables	95,126	88,637
Receivable from a joint venture (<i>note</i>)	5,248	1,981
Property rental and utilities deposits	41,952	21,534
Advances to other suppliers	1,424	2,701
VAT recoverable	3,062	2,868
Other receivables	6,153	5,749
	<u>152,965</u>	<u>123,470</u>

Note: The amount represents reimbursements receivable from a joint venture under a procurement arrangement.

The Group maintains a general credit policy of not more than 30 days for its wholesale customers. Sales made to retail customers are made on a cash basis. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Age		
0 to 30 days	87,503	82,647
31 to 60 days	4,885	2,988
61 to 90 days	1,398	764
Over 90 days	1,340	2,238
	<u>95,126</u>	<u>88,637</u>

11. TRADE AND OTHER PAYABLES

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Trade payables	148,415	88,398
Payroll and welfare payables	11,392	7,866
Commission payables	3,616	8,492
Advances from customers	12,113	13,597
Renovation work payables	1,437	2,625
VAT and other taxes payables	7,021	9,921
Advertising fee payables	—	2,259
Interest payables	1,356	1,027
Property rental payables	2,324	2,057
Other payables	5,531	8,929
	<u>193,205</u>	<u>145,171</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Age		
0 to 60 days	138,819	79,691
61 to 90 days	1,653	972
Over 90 days	7,943	7,735
	<u>148,415</u>	<u>88,398</u>

12. BANK LOANS

During the period, the Group obtained a new bank loan amounting to HK\$100,000,000 (2013: new bank loans of HK\$208,426,000). The new loan raised during the period carries interest at fixed rate of 1.75% and is repayable over three years up to 2017.

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2013, 31 March 2014 and 30 September 2014	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2013, 31 March 2014 and 30 September 2014	<u>570,610,224</u>	<u>57,061</u>

14. SHARE-BASED PAYMENT TRANSACTION

The Company has share options scheme for eligible directors, employees, consultants, customers, suppliers or advisors of the Company or a company in which the Company holds an interest or a subsidiary of such company.

(i) 2003 Share Option Scheme

Details of specific categories of options are as follows:

Date of grant	Number of share options granted	Exercisable period	Original exercise price per share	Adjusted exercise price per share
6 April 2011	32,300,000 (<i>note a</i>)	6 April 2011 to 5 April 2021	HK\$4.13	HK\$3.44 (<i>note a</i>)
29 August 2011	23,000,000	29 August 2011 to 28 August 2021	HK\$4.80	N/A

Note a: The number of shares under the outstanding options and the exercise price have been adjusted upon the bonus issue of shares on the basis of one new ordinary share for every five ordinary shares held on 28 July 2011.

The following tables disclose movements of the Company's share options held by directors, employees and consultants during the six months ended 30 September 2014 and 30 September 2013:

Share options granted on 6 April 2011

Categories of participants	Number of share options outstanding at 1 April 2013, 31 March 2014 and 30 September 2014
Directors of the Company	14,520,000
Other employees	14,400,000
Consultants (<i>note b</i>)	2,640,000
Total	31,560,000

Share options granted on 29 August 2011

Categories of participants	Number of share options outstanding at 1 April 2013, 31 March 2014 and 30 September 2014
Other employees	18,000,000
Consultants (<i>note b</i>)	5,000,000
	23,000,000

Note b: The share options were granted to consultants for services rendered in exploring investment opportunities for the Group.

The 2003 Share Option Scheme expired on 2 November 2013. The options could be exercised by the participants at any time during the option period and notwithstanding that the 2003 Share Option Scheme had expired.

No option was exercised or lapsed under the 2003 Share Option Scheme during the six months ended 30 September 2014.

(ii) 2013 Share Option Scheme

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 August 2013, a new share option scheme was adopted with effect on 3 November 2013 (the “2013 Share Option Scheme”) after the expiry of the 2003 Share Option Scheme. The 2013 Share Option Scheme will remain in force until 2 November 2023.

No option was granted, exercised or lapsed under the 2013 Share Option Scheme during the six months ended 30 September 2014 since its effective date on 3 November 2013 and there was no outstanding share option as at 30 September 2014.

During the six months ended 30 September 2014 and 30 September 2013, no share-based payment expense was recognised in relation to share options granted by the Company.

15. CAPITAL COMMITMENTS

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>—</u>	<u>132</u>

INTERIM/SPECIAL DIVIDEND

The directors have proposed pay a special dividend of 0.5 HK cent per share instead of interim dividend (2013 interim dividend: 0.75 HK cent per share) in respect of the six months ended 30 September 2014, totalling HK\$2,853,000 (2013 interim dividend: HK\$4,280,000), to be paid in cash to the shareholders whose names appear on the register of the members of the Company on 12 December 2014. Dividend warrants will be sent to the shareholders on or before 18 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 December 2014 to 12 December 2014 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed special dividend which will be payable on 18 December 2014, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:00 p.m. on 9 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

On behalf of the Board of Directors (the “Board”) of Oriental Watch Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), I hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2014 (the “Period”).

Given the changing and competitive landscapes in China and Hong Kong’s retail markets, turnover for the six months ended 30 September 2014 declined by 10.4% to HK\$1,532 million (2013: HK\$1,710 million). Gross profit dropped by 17.5% to HK\$255 million (2013: HK\$309 million) whilst gross profit margin dropped to 16.7% from 18.1% in the corresponding period last year. Net profit attributable to owners of the Company was HK\$11 million, representing a decrease of 45.0% from the previous corresponding period (2013: HK\$20 million). The decline in net profit was mainly attributable to: (1) the weakened consumption of luxury goods in Hong Kong and China respectively; (2) keen market competition amongst industry peers; and (3) increase in shop rental in Hong Kong.

Subject to the gain on disposal of properties, the Board resolved to recommend a special dividend of 0.5 HK cent per share for the six months ended 30 September 2014 (2013: interim dividend 0.75 HK cent per share).

Business Review

As at 30 September 2014, the Group operates 92 retail and wholesale points (including associate retail stores) in the Greater China region. Breakdown by geographic region is as follows:

	As at 30 September 2014
Hong Kong	14
Macau	3
China	72
Taiwan	3
Total	92

Continuous economic restructuring in China has caused a gradual decline in the country’s overall gross domestic product (“GDP”) growth rate. According to recent statistics, China’s GDP fell to a 5-year low of 7.3% in the third quarter of 2014. It missed its official target for the first time in 15 years. Yet, in spite of such, the Chinese government is willing to accept a lower economic growth being the inevitable result of reform. The goal is to balance the economy so as to have the overall economic growth predominately driven by domestic consumption, and less so by exports and investment going forward. This adjustment has caused instability to the economy and dampened

overall consumer sentiment. Consumers now have a more “rational” spending pattern, and developed fast the growing tendency towards online purchasing and shopping abroad. The luxury market in China has inevitably entered a downtrend. At the same time, a knock-on effect has also filtered through to the Hong Kong’s high-end retail market. According to Hong Kong’s Census and Statistics Department, the value of sales of jewelry, watches and clocks, and valuable gifts in Hong Kong recorded a year-on-year 14.7% decrease for the first nine months of 2014. This suggests the weak retail industries in Hong Kong and China is yet to recover. In light of this, seemingly sluggish market sentiment, Oriental Watch continued to improve its financial strength internally amid this uncertain retail backdrop. To achieve further stability in our financial position during times of uncertainty, the Group has strengthened our cost control management and internal assessment to improve stores efficiency during the Period.

High rental costs continue to be a major operational challenge for the Group. For the six months ended 30 September 2014, the Group’s aggregate rental costs (excluding related property management fees) increased by approximately 3% to 111 million, accounting 42% of the Group’s overall operating expenses. To moderate the margin squeeze pressure arising from the increasing rental costs, the Group optimized its profitability by closing down non-performing retail stores on their lease expiry. And at the other end, we also allocated more resources to improve the productivity of existing stores. Furthermore, the weakening retail market has suppressed the rental increasing rate of prime street shops in Hong Kong as compared to the past few years. This may present an opportune time for the Group to leverage its business networks negotiating for reasonable rental rates for existing stores going forward. The Group believes that such cautious cost measures and operating strategies can effectively lower our operating costs in the future, thus improving probability.

Stringent inventory control continues to be an important, ongoing cost management tool implemented by the Group. During the Period, the Group cautiously monitored the replenishment rate of high-ticket items and would only purchase stock when our existing inventory depleted to a pre-agreed level. Together with the dedicated effort of our front-line staff in accelerating inventory turnover through selective and strategic discounting policies, the Group’s overall inventory level decreased by 1.0% from HK\$1,788 million at 31 March 2014 to HK\$1,770 million at 30 September 2014. On a year-on-year basis, inventory indeed declined by 9.0% from HK\$1,944 million at 30 September 2013. In the coming years, the Group will remain disciplined in managing inventory to further improve the Group’s cash position for future business development.

Despite the fact that the luxury market has cooled down, a slowing economy and government’s anti-gifting campaigns in China, this is actually an encouraging sign showing a gradual industry recovery against the vagaries of the market. According to the statistics from the Federation of the Swiss Watch Industry, Hong Kong and China’s overall Swiss watch exports value recorded a year-on-year 2.1% increase and 4.0% increase for the first nine month of 2014, respectively. With the unchanged target of economic upgrade and urbanization, the rise in China’s upper-middle class household disposable income, in turn the uninterrupted expansion in consumers’ consumer spending power, driving the pursuit of better lifestyle and unique products. We believe that Chinese consumers’ strong appetite for luxury goods remains slow albeit the growth may vary from time to time. Chinese

consumers remain to be a major and solid growth driver for the global luxury market. The Group remains cautiously optimistic, continues to employ appropriate strategies in enhancing our product portfolio and operating efficiency, optimizing our inventory level and improving the profitability. This will allow us to deliver a sustainable growth in the future.

On behalf of the Group, we thank our customers, suppliers, staff and shareholders for their loyalty and continued support.

Liquidity and financial resources

At 30 September 2014, the Group's total equity reached HK\$2,227 million, compared with HK\$2,218 million as at 31 March 2014. The Group had net current assets of HK\$1,934 million, including bank and cash balances of HK\$451 million as at 30 September 2014 compared with balances of HK\$1,908 million and HK\$425 million respectively as at 31 March 2014. At 30 September 2014, bank loans of HK\$403 million (31 March 2014: HK\$491 million). At 30 September 2014, the gearing ratio (defined as total bank borrowing on total equity) was 0.18 (31 March 2014: 0.22).

Management considers that financial position of the Group is healthy with adequate funds and unused banking facilities.

Foreign exchange exposure

The Group's sales and purchase transactions are primarily denominated in Hong Kong dollars and Renminbi. The Group did not face significant risk from exposure to foreign exchange fluctuations.

STAFF AND EMPLOYMENT

As at 30 September 2014, the Group employed a total work force of about 740 staff. The staff turnover rate is low. The Group's policy is to review its employee's pay levels and incentive bonus.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities on the Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), throughout the six months ended 30 September 2014, except the deviation from the code provision A.4.1 of the CG Code.

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the Independent Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation in annual general meeting of the Company in accordance with the Bye-laws of the Company. The management of the Company considered that there is no imminent need to revise the letter of appointment of Independent Non-executive Directors by adding a specific term in the letter of appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Enquiry has been made with all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2014.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. Terms of reference of the Audit Committee have been updated in compliance with the CG Code.

The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of unaudited consolidated financial statements for the six months ended 30 September 2014.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at (www.hkex.com.hk) and the Company at (www.orientalwatch.com). The 2014 interim report containing all information required by the Listing Rules will be despatched to the Company’s shareholders and available on the above websites in the due course.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. Yeung Ming Bui, Mr. Yeung Him Kit, Dennis, Mr. Fung Kwong Yiu, Madam Yeung Man Yee, Shirley, Mr. Lam Hing Lun, Alain and Mr. Choi Kwok Yum as executive directors and Dr. Sun Ping Hsu, Samson, Dr. Li Sau Hung, Eddy and Mr. Choi Man Chau, Michael as independent non-executive directors.

By order of the Board

Yeung Ming Bui

Chairman

Hong Kong, 19 November 2014