東方表行
Oriental Watch Company
Since 1961

ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the "Company")

(Stock Code: 398)

Website: http://www.orientalwatch.com

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2015

FINANCIAL HIGHLIGHTS

- Turnover declined 11% to HK$3,109 million
- Profit attributable to owners of the Company decreased 78% to HK$5 million
- Profit for the year would be HK$4 million
- Basic earnings per share was 0.79 HK cents
- Final dividend of 0.25 HK cents per share

The Board of Directors of Oriental Watch Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2015 together with the comparative figures for the corresponding year in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	3	**3,109,031**	3,476,513
Cost of goods sold		**(2,590,037)**	(2,864,093)
Gross profit		**518,994**	612,420
Other income, gains and losses	4	**48,055**	29,330
Distribution and selling expenses		**(214,382)**	(233,920)
Administrative expenses		**(337,958)**	(360,659)
Finance costs	5	**(15,214)**	(22,407)
Share of results of associates		**631**	(257)
Share of results of joint ventures		**9,524**	5,457
Profit before taxation	6	**9,650**	29,964
Income tax expense	7	**(5,317)**	(9,516)
Profit for the year		**4,333**	20,448
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,180)**	(951)
Change in fair value of available-for-sale financial assets		**(4,098)**	764
Other comprehensive expense for the year		**(6,278)**	(187)
Total comprehensive (expense) income for the year		**(1,945)**	20,261

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**4,508**	20,605
Non-controlling interests		**(175)**	(157)
		4,333	20,448
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(1,731)**	20,483
Non-controlling interests		**(214)**	(222)
		(1,945)	20,261
Earnings per share			
Basic	*9*	**0.79 HK cents**	3.61 HK cents
Diluted	*9*	**0.79 HK cents**	3.61 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH, 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**247,067**	280,179
Deposits for acquisition of property, plant and equipment		**3,333**	530
Interests in associates		**35,696**	35,969
Interests in joint ventures	*10*	**119,936**	145,541
Available-for-sale financial assets		**5,652**	14,779
Deferred tax assets		**306**	807
Property rental deposits		**18,445**	36,925
		430,435	514,730
Current assets			
Inventories		**1,783,767**	1,787,924
Trade and other receivables	*11*	**141,947**	123,470
Taxation recoverable		**5,887**	7,884
Bank balances and cash		**344,037**	425,099
		2,275,638	2,344,377
Current liabilities			
Trade and other payables	*12*	**152,703**	145,171
Taxation payable		**2,310**	2,640
Bank loans		**228,377**	288,924
		383,390	436,735
Net current assets		**1,892,248**	1,907,642
Total assets less current liabilities		**2,322,683**	2,422,372

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Bank loans		**109,137**	202,500
Deferred tax liabilities		**1,755**	1,857
		110,892	204,357
Net assets		**2,211,791**	2,218,015
Capital and reserves			
Share capital	*13*	**57,061**	57,061
Reserves		**2,153,391**	2,159,401
Equity attributable to owners of the Company		**2,210,452**	2,216,462
Non-controlling interests		**1,339**	1,553
Total equity		**2,211,791**	2,218,015

Notes:

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and acts as an investment holding company as well as engaged in watch trading. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and Hong Kong Accounting Standard ("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 and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale and contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 — 2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 — 2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 — 2014 cycle[5]

1 Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that HKFRS 9 and HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st April, 2018 and 1st April, 2017 respectively. The application of these two standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet qualified the extent of the impact.

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the Group's 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 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 chief operating decision maker, being the Managing Director of the Group, that are used to allocate resources and assess performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

	Segment revenue		Segment profit	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**2,185,609**	2,365,929	**28,287**	80,885
Taiwan, Macau and the PRC	**923,422**	1,110,584	**(13,657)**	(11,732)
	3,109,031	3,476,513	**14,630**	69,153
Unallocated other income			**20,897**	1,300
Unallocated corporate expenses			**(20,818)**	(23,282)
Finance costs			**(15,214)**	(22,407)
Share of results of associates			**631**	(257)
Share of results of joint ventures			**9,524**	5,457
Profit before taxation			**9,650**	29,964

The accounting policies used to determine segment revenue and results are the same as the accounting policies adopted in the Group's consolidated financial statements. 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 expenses include auditor's remuneration, directors' emoluments, exchange loss, impairment loss recognised in respect of goodwill and operating expenses of inactive companies. This is the measure reported to the Managing Director of the Group for the purposes of resources allocation and performance assessment.

The Group has no customer who contributed over 10% of the total revenue of the Group for any of the two years ended 31st March, 2015.

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

The following is an analysis of the Group's assets and liabilities by operating segments.

	Segment assets		Segment liabilities	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,331,557**	1,267,683	**91,474**	90,078
Taiwan, Macau and the PRC	**862,317**	960,491	**61,185**	54,580
Segment total	**2,193,874**	2,228,174	**152,659**	144,658
Unallocated	**512,199**	630,933	**341,623**	496,434
Group's total	**2,706,073**	2,859,107	**494,282**	641,092

The segment assets by location of assets are the same as by location of markets of the goods sold.

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than interests in associates and joint ventures, available-for-sale financial assets, deferred tax assets, amount due from a joint venture, taxation recoverable as well as assets of the headquarters and bank balances and cash; and

— all liabilities are allocated to operating segments other than taxation payable, deferred tax liabilities and bank loans as well as other payables of the headquarters. Bank loans are classified as unallocated corporate liabilities because they are managed centrally by the treasury function of the Group.

Other segment information

Amounts included in the measure of segment results or segment assets:

	Additions of property, plant and equipment		Depreciation		(Gain) loss on disposal of property, plant and equipment		Impairment loss recognised in respect of goodwill		(Decrease) increase in non-current property rental deposits	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**3,551**	13,063	**16,546**	16,833	**(17,255)**	783	**—**	—	**(21,225)**	7,374
Taiwan, Macau and the PRC	**8,041**	22,510	**20,310**	29,331	**—**	697	**—**	—	**2,745**	(958)
Segment total	**11,592**	35,573	**36,856**	46,164	**(17,255)**	1,480	**—**	—	**(18,480)**	6,416
Unallocated	**—**	—	**171**	214	**—**	—	**—**	1,623	**—**	—
Group's total	**11,592**	35,573	**37,027**	46,378	**(17,255)**	1,480	**—**	1,623	**(18,480)**	6,416

Information about the Group's non-current assets (excluding available-for-sale financial assets, deferred tax assets, property rental deposits, amount due from a joint venture and interests in associates and joint ventures) by geographical location of the assets is detailed below:

	Carrying amount of non-current assets	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**199,845**	215,879
Taiwan, Macau and the PRC	**50,555**	64,830
	250,400	280,709

4. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Show window rental income	**21,525**	21,027
Repairing service income	**1,716**	2,084
Gain (loss) on disposal of property, plant and equipment	**17,255**	(1,480)
Interest income	**2,544**	1,640
Exchange gain (loss)	**163**	(339)
Gain on disposal of available-for-sale financial assets	**—**	197
Impairment loss recognised in respect of goodwill	**—**	(1,623)
Others	**4,852**	7,824
	48,055	29,330

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings:		
Wholly repayable within five years	**12,695**	21,786
Not wholly repayable within five years	**2,519**	621
	15,214	22,407

6. PROFIT BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**18,049**	20,209
Other staff's retirement benefits scheme contributions	**7,562**	7,039
Other staff costs	**85,282**	131,704
Total staff costs	**110,893**	158,952
Auditor's remuneration	**2,780**	2,780
Depreciation of property, plant and equipment	**37,027**	46,378
Operating lease rentals in respect of rented premises	**224,329**	225,164

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**4,067**	9,459
Overprovision in prior years	**(444)**	(2,746)
	3,623	6,713
Taxation in other jurisdictions	**2,381**	1,966
(Over) underprovision in prior years	**(1,085)**	365
	1,296	2,331
Deferred taxation	**398**	472
	5,317	9,516

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Special dividend for financial year ended 31st March, 2015 of 0.5 HK cents (interim dividend for financial year ended 31st March, 2014: 0.75 HK cents) per share on 570,610,224 (2014: 570,610,224) shares	**2,853**	4,280
Final dividend for financial year ended 31st March, 2014 of 0.25 HK cents (financial year ended 31st March, 2013: 5.0 HK cents) per share on 570,610,224 (2013: 570,610,224) shares	**1,426**	28,531
	4,279	32,811
Dividend proposed after year end:		
Proposed final dividend for financial year ended 31st March, 2015 of 0.25 HK cents (financial year ended 31st March, 2014: 0.25 HK cents) per share on 570,610,224 (2014: 570,610,224) shares	**1,426**	1,426

A final dividend of 0.25 HK cents (2014: 0.25 HK cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**4,508**	20,605

	2015	2014
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**570,610**	570,610
Effect of dilutive potential ordinary shares — share options	**—**	—
Number of ordinary shares for the purpose of diluted earnings per share	**570,610**	570,610

The diluted earnings per share for both years 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 shares of the Company.

10. INTERESTS IN JOINT VENTURES

	2015	2014
	HK$'000	*HK$'000*
Cost of investments in unlisted joint ventures	**21,807**	21,807
Exchange adjustment	**808**	837
Share of post-acquisition profits	**19,682**	10,158
	42,297	32,802
Amount due from a joint venture *(Note)*	**77,639**	112,739
	119,936	145,541

Note: The amount, which is due from Hei Tung Watches Company Limited, is unsecured, interest free and has no fixed repayment term. The Group expects that the amount will be settled after twelve months from the end of the reporting period and therefore classifies the amount as a non-current asset.

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**86,120**	88,637
Receivable from a joint venture *(Note)*	**2,637**	1,981
Property rental and utilities deposits	**43,678**	21,534
Advances to other suppliers	**1,117**	2,701
VAT recoverable	**2,849**	2,868
Other receivables	**5,546**	5,749
	141,947	123,470

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 wholesales customers. Sales made to retail customers are made on a cash basis. The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Age		
0 to 30 days	**81,673**	82,647
31 to 60 days	**3,652**	2,988
61 to 90 days	**5**	764
Over 90 days	**790**	2,238
	86,120	88,637

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**97,075**	88,398
Payroll and welfare payables	**7,395**	7,866
Commission payables	**2,647**	8,492
Advances from customers	**20,293**	13,597
Renovation work payables	**2,199**	2,625
VAT and other taxes payables	**12,045**	9,921
Advertising fee payables	**2,568**	2,259
Interest payables	**695**	1,027
Property rental fee payables	**493**	2,057
Other payables	**7,293**	8,929
	152,703	145,171

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

	2015	2014
	HK$'000	*HK$'000*
Age		
0 to 60 days	**87,890**	79,691
61 to 90 days	**645**	972
Over 90 days	**8,540**	7,735
	97,075	88,398

13. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st April, 2013, 31st March, 2014 and 31st March, 2015	1,000,000,000	100,000
Issued and fully paid:		
At 1st April, 2013, 31st March, 2014 and 31st March, 2015	570,610,224	57,061

14. SHARE-BASED PAYMENT TRANSACTION

(a) 2003 Share Option Scheme

Pursuant to an ordinary resolution passed at the Company's special general meeting held on 3rd November, 2003, the Company adopted a share option scheme (the "2003 Share Option Scheme"). The 2003 Share Option Scheme was valid for a period of ten years commencing on the adoption date on 3rd November, 2003.

Under the 2003 Share Option Scheme, options may be granted to any director, employee, consultant, customer, supplier or advisor of the Group or a company in which the Company holds an interest or a subsidiary of such company, the trustee of the eligible persons or a company beneficially owned by the eligible persons. The purpose of the 2003 Share Option Scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. No eligible persons shall be granted an option in any 12-month period for such number of shares (issued and to be issued) which in aggregate would exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The exercisable period is determined by the directors of the Company, which shall not be more than 10 years from the date of grant, and may include a minimum period for which the options must be held before it can be exercised. The exercise price per share payable on the exercise of an option equals to the highest of:

(a) the nominal value of one share;

(b) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and

(c) the average closing price per share as quoted in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

On 6th April, 2011, 32,300,000 share options were granted and on 29th August, 2011, 23,000,000 share options were granted under the 2003 Share Option Scheme. The options may be exercised by the grantees at any time during the option period up to the termination of employment. All share options vested immediately at the date of grant. The estimated fair values of the options granted on these dates are HK$44,855,000 and HK$48,698,000, respectively. The closing prices immediately before the date of grant were HK$3.95 and HK$4.38, respectively.

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**
6th April, 2011	32,300,000 *(Note i)*	6th April, 2011 to 5th April, 2021	HK$4.13	HK$3.44 *(Note i)*
29th August, 2011	23,000,000	29th August, 2011 to 28th August, 2021	HK$4.80	N/A

The following tables disclose movements of the Company's share options granted under the 2003 Share Option Scheme held by directors, employees and consultants during the years ended 31st March, 2014 and 2015:

Share options granted on 6th April, 2011

Categories of participants	**Number of shares under option outstanding at 1st April, 2013, 31st March, 2014 and 31st March, 2015**
Directors of the Company	14,520,000
Other employees	14,400,000
Consultants *(Note ii)*	2,640,000
Total	31,560,000

Share options granted on 29th August, 2011

Categories of participants	Number of shares under option outstanding at 1st April, 2013, 31st March, 2014 and 31st March, 2015
Other employees	18,000,000
Consultants *(Note ii)*	5,000,000
	23,000,000

Notes:

(i) The number of shares under the outstanding options and the exercise price have been adjusted upon the bonus issue of shares in July 2011 on the basis of one new ordinary share for every five ordinary shares held.

(ii) The share options were granted to consultants for services rendered in exploring investment opportunities for the Group.

The 2003 Share Option Scheme expired on 2nd 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.

(b) 2013 Share Option Scheme

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13th August, 2013, a new share option scheme was adopted with effect on 3rd November, 2013 (the "2013 Share Option Scheme") after the expiry of the 2003 Share Option Scheme.

Under the 2013 Share Option Scheme, options may be granted to (i) any director, employee or consultant of the Group or a company in which the Company holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group. The purpose of the 2013 Share Option Scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. The total number of shares available for issue under the 2013 Share Option Scheme as at the date of this report is 57,061,022 shares. No eligible persons shall be granted an option in any 12-month period for such number of shares (issued and to be issued) which in aggregate would exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. The exercisable period is determined by the directors of the Company, which shall not be more than 10 years from the date of grant, and may include a minimum period for which the options must be held before it can be exercised. The exercise price per share payable on the exercise of an option equals to the highest of:

(a) the nominal value of one share;

(b) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and

(c) the average closing price per share as quoted in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

The 2013 Share Option Scheme will remain in force until 2nd November, 2023.

No option was granted, exercised or lapsed under the 2013 Share Option Scheme since its effective date on 3rd November, 2013 and there was no outstanding share option as at 31st March, 2015.

No share-based payment expense was recognised for the years ended 31st March, 2014 and 2015 in relation to share options granted by the Company.

15. CONTINGENT LIABILITIES

As at 31st March, 2015, the Group issued financial guarantees to banks in respect of banking facilities granted to associates. The aggregate amount that could be required to be paid if the guarantees were called upon in entirety amounted to NT$200,000,000 (equivalent to HK$49,599,000; 2014: NT$200,000,000 and equivalent to HK$50,860,000), which was fully utilised by these associates at 31st March, 2015. The fair value of the financial guarantee contracts at the grant date and at 31st March, 2014 and 2015 is not significant. In the opinion of the directors, the default risk of associates is considered as low.

16. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**158,912**	208,357
In the second to fifth years inclusive	**208,466**	155,797
Over five years	**69,507**	90,818
	436,885	454,972

Operating lease payments represent rentals payable by the Group for certain its shops and office premises. Leases are negotiated for an average term of 1 to 9 years (2014: 1 to 10 years). Some group entities are required to pay lease charges based on a fixed percentage of net sales.

17. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,000**	132

FINAL DIVIDEND

The directors proposed to pay a final dividend of 0.25 Hong Kong cents per share for the year ended 31st March, 2015 (2014: 0.25 Hong Kong cents) to the shareholders whose names appear on the register of members of the Company on 21st August, 2015. Subject to approval at the forthcoming annual general meeting, dividend warrants will be sent to shareholders on or before 3rd September, 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19th August, 2015 to 21st August, 2015 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East , Hong Kong not later than 4:00 p.m. on 18th August, 2015.

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 audited consolidated results of the Group for the year ended 31st March, 2015 (the "Year").

Given the slowing growth of the Chinese economy and the overall slackening landscapes in luxury sector, turnover for the year ended 31st March, 2015 declined significantly by 11% to HK$3,109 million (2014: HK$3,477 million). Gross profit dropped by 15% to HK$519 million (2014: HK$612 million) whilst gross profit margin dropped to 16.7% from 17.6% last year. Net profit attributable to owners of the Company was HK$5 million, representing a decrease of 78% from the previous corresponding year (2014: HK$21 million). The significant decline in both the Group's revenue and net profit was mainly attributable to: (1) the discerning and changing preferences and attitudes for luxury goods and (2) the rising fierce competition amongst luxury retailers.

The Board has resolved to recommend a final dividend of 0.25 HK cents per share for the year ended 31st March, 2015 (2014: 0.25 HK cents). The final dividend together with the special dividend of 0.5 HK cents per share (2014: 0.75 HK cents), represented a dividend payout of approximately 95% for the year ended 31st March, 2015 (2014: 28%).

Business Review

As at 31st March, 2015, the Group operates 87 retail and wholesale points (including associate retail stores) in the Greater China region. Breakdown by geographic region is as follows:

	As at 31st March, 2015
Hong Kong	13
Macau	3
China	68
Taiwan	3
Total	87

China's economic growth softened in 2014 amid the structural transformation of the economy. The country's real gross domestic product ("GDP") growth slipped below 7.5% in 2014, missing the GDP growth target for the first time since 1998 and downshifting to the slowest rate of growth since 1990. In spite of such, according to Bain & Company, China has experienced the first downturn in luxury retail market after the strong growth rates occurring in previous years. Apart from the overall flagging economic growth, the chilling effects on the luxury market were mainly due in part to the consumer's changing preferences against luxury items and the growing tendency of online purchasing and shopping aboard. Meanwhile, the controlling policy for the booming influx of Chinese tourists from Hong Kong Government and the rising social tensions and conflicts between Hong Kong and mainland China have also further dragged Hong Kong's sluggish luxury sector. 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 13.7% decrease in 2014, and a 15.9% decrease in the first two months of 2015 compared with the same period last year. Oriental Watch, as one of the major luxury watch distributors in Greater China, was inevitably affected by the sluggish market sentiment. Yet, acknowledging the on-going economic instability and the above unfavourable factors, Oriental Watch has been committed to strengthen its cost control management, reinforce its internal assessment and improve its stores efficiency during the year, in order to maintain a stable workforce and financial position during times of uncertainty.

Notwithstanding the descending customer traffic and the diminishing consumption in the overall retail market, the dip in retail sales growth has yet to forced property owners to slim down the shop rental during the year, and thus the high rental cost has further posed major challenges to retailers. The Group's aggregate rental costs (excluding related property management fees) for the year ended

31st March, 2015 slightly decreased by approximately 0.4% to 224 million, accounting 39% of the Group's overall operating expenses. To minimize the cost burden and optimize the operating efficiency, the Group has been concentrating on stores' performance assessments to create best practices in managing rental expenditure. By closing down non-performing retail stores on their lease expiry, resources could be better allocated in fine-tuning our existing retail network. Furthermore, considering the fragile economic outlook, the pace of rent increase in Hong Kong has slowed down in the last three months. This positive sign suggests a perfect juncture for the Group to negotiate for a reasonable rental rate. We believe that with such quick reaction toward the stringent cost control measures, the Group can effectively lower its margin squeeze pressure, as well as improve its store profitability and productivity.

A stringent inventory management always plays a momentous and decisive role in the Group's cash flow level. During the year, the Group underwent proactive adjustment and optimization to the inventory mix. Following with the effective inventory management policy from last year, such as purchasing stocks only when the existing inventory depleted to a pre-agreed level, cautiously monitoring the replenishment rate of high-ticket items, and encouraging front-line staffs in pushing sales through selective and strategic discounting policies. As at 31st March, 2015, the Group's overall inventory level slightly decreased. In the coming year, the Group will continue remain disciplined in controlling inventory levels to further maintain the Group's cash position for sustainable business development in the future.

In addition, the Group's balance sheet was further strengthened by the disposal of asset during the Year, with the gain on disposal on an office premises amounting to HK$17 million. To reveal the potential value of the Group's assets, Oriental Watch is vigilantly assessing the market and may consider divesting its shops assets at favourable prices.

According to the latest statistics from the Federation of the Swiss Watch Industry, Hong Kong and China's overall Swiss watch exports value registered a year-on-year 13.8% decline and 2.4% decline in March 2015 respectively, which implied a difficult period ahead. Looking into the future, the Group expects that the trend of luxury retail market, especially in the watch industry, is likely to continue to deteriorate on back of the changing consumption preference towards experiential luxury items, the more "conservative" consumption pattern on luxury goods for local customers, and the growing tendency in online purchase and shopping aboard. Against the backdrop of a relatively weak macroeconomic conditions and erratic retail environment, together with our extensive experiences and knowledge of the watch industry, we will make our best endeavours to maintain the stability of our business development and strengthen our core competitiveness. We will strive to adopt continuous prudential measure with our stringent inventory management and resources optimisation strategies, as well as to elevate the productivity of existing stores and improve our financial strength. We promise Oriental Watch will persistently seize every opportunity to ensure the best interests of shareholders.

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

FINANCIAL REVIEW

Liquidity and financial resources

At 31st March, 2015, the Group's total equity reached HK$2,212 million, compared with HK$2,218 million as at 31st March, 2014. The Group had net current assets of HK$1,892 million, including bank and cash balances of HK$344 million as at 31st March, 2015 compared with balances of HK$1,908 million and HK$425 million respectively as at 31st March, 2014. At 31st March, 2015, bank loans of HK$338 million (31st March, 2014: HK$491 million). At 31st March, 2015, the gearing ratio (defined as total bank borrowing on total equity) was 0.15 (31st March, 2014: 0.22).

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

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.

HUMAN RESOURCES

As at 31st March, 2015, our Group employed approximately 730 employees all over Hong Kong, Macau, China and Taiwan, of which approximately 60% were located in Mainland China. The total manpower is lower than previous year.

The Group's compensation package, includes basic salary, commission, annual bonus, medical insurance, and other common benefits. It is structured by reference to the marketplace and individual merits, and is reviewed on an annual basis based on the Group's policy's performance system and objective specification performance appraisal.

We believe every customer does have high expectations on the services they obtained while shopping for luxury goods. Thus, we must always try to provide services beyond their expectations. As such, significant resources have been allocated to the Staff Training and Development. Since January 2009, we have commissioned an independent consulting firm to conduct a continuous "Mystery Shoppers Programme (MSP)". This programme has helped the management to gauge and monitor the overall service performance of our sales team. By analyzing the results of MSP, we are able to identify areas for improvements. The management team has used these results to tailor-made training programme to specific shop and individual level. All these efforts align with the company's philosophy of providing "Service Excellence" to customer. Hopefully these measures will help propel the company's business forward.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31st March, 2015.

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

During the year ended 31st March, 2015, 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 year ended 31st March, 2015, 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 throughout the year ended 31st March, 2015.

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 audited consolidated financial statements for the year ended 31st March, 2015.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31st March, 2015 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company ("the Remuneration Committee") comprises three members, a majority of whom are independent non-executive directors of the Company. The principal functions of the Remuneration Committee include reviewing the remuneration policies of the Company, assessing the performance of the directors and senior management of the Company and determining the policies in respect to their remuneration packages.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting will be held on 13th August, 2015. The Notice of Annual General Meeting will be published and dispatched to the shareholders in due course.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

The final 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 2015 annual report containing all information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. Yeung Ming Biu, 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 Biu
Chairman

Hong Kong, 17th June, 2015