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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 31 MARCH, 2021

FINANCIAL HIGHLIGHTS

- Turnover increased 48.9% to HK\$3,504 million
- Profit attributable to owners of the Company was HK\$233 million
- Earnings per share was 43.17 HK cents
- Final dividend of 12.0 HK cents per share
- Special dividend of 27.0 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 31 March 2021 together with the comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Revenue	3	3,504,022	2,352,683
Cost of goods sold		<u>(2,541,906)</u>	<u>(1,707,356)</u>
Gross profit		962,116	645,327
Other income	4	34,573	28,360
Other gains and losses	5	5,250	(32,160)
Impairment losses under expected credit loss model, net of reversal	6	(1,712)	(15,461)
Distribution and selling expenses			
— Expenses related to leases		(145,490)	(144,836)
— Other distribution and selling expenses		(285,960)	(189,579)
Administrative expenses		(211,994)	(155,328)
Finance costs	7	(10,203)	(14,210)
Share of results of associates		9,193	5,379
Share of result of a joint venture		<u>(37)</u>	<u>(59)</u>
Profit before taxation	8	355,736	127,433
Income tax expense	9	<u>(123,112)</u>	<u>(28,324)</u>
Profit for the year		<u>232,624</u>	<u>99,109</u>
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)		1,323	(696)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		59,366	(40,056)
Change in fair value of debt instruments at FVTOCI		598	(448)
Release on redemption of debt instruments at FVTOCI		<u>1</u>	<u>(6)</u>
Other comprehensive income (expense) for the year		<u>61,288</u>	<u>(41,206)</u>
Total comprehensive income for the year		<u><u>293,912</u></u>	<u><u>57,903</u></u>

		2021	2020
	NOTE	HK\$'000	HK\$'000
Profit (loss) for the year attributable to:			
Owners of the Company		233,256	100,301
Non-controlling interests		<u>(632)</u>	<u>(1,192)</u>
		<u>232,624</u>	<u>99,109</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		294,533	59,096
Non-controlling interests		<u>(621)</u>	<u>(1,193)</u>
		<u>293,912</u>	<u>57,903</u>
Earnings per share			
Basic and diluted	11	<u>43.17 HK cents</u>	<u>17.59 HK cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

		2021	2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		208,112	213,034
Right-of-use assets	<i>12</i>	334,082	287,779
Deposits for acquisition of property, plant and equipment		9,261	3,591
Interests in associates	<i>13</i>	66,362	63,981
Interest in a joint venture		26,256	24,239
Equity instruments at FVTOCI	<i>14</i>	4,525	3,211
Debt instruments at FVTOCI	<i>15</i>	8,645	9,680
Loans receivables	<i>17</i>	41,957	—
Deferred tax assets		4,015	5,153
Property rental deposits		25,539	24,186
		728,754	634,854
Current assets			
Inventories	<i>16</i>	622,768	798,693
Loans receivables	<i>17</i>	17,095	—
Trade and other receivables	<i>18</i>	286,023	112,755
Equity investments at fair value through profit or loss (“FVTPL”)	<i>19</i>	6,036	15,871
Debt instruments at FVTOCI	<i>15</i>	—	7,486
Taxation recoverable		5,534	7,330
Bank balances and cash		1,061,320	936,632
		1,998,776	1,878,767
Current liabilities			
Trade and other payables	<i>20</i>	287,370	86,774
Contract liabilities	<i>20</i>	4,502	4,366
Lease liabilities	<i>21</i>	85,651	101,663
Derivative financial instruments at FVTPL		14,000	—
Taxation payable		43,425	12,237
Bank loans		17,525	5,667
		452,473	210,707
Net current assets		1,546,303	1,668,060
Total assets less current liabilities		2,275,057	2,302,914

		2021	2020
	NOTES	HK\$'000	HK\$'000
Non-current liabilities			
Deferred tax liabilities		18,797	2,864
Lease liabilities	21	265,711	205,773
Derivative financial instruments at FVTPL		—	10,991
		<u>284,508</u>	<u>219,628</u>
Net assets		<u>1,990,549</u>	<u>2,083,286</u>
Capital and reserves			
Share capital	22	48,736	57,036
Reserves		<u>1,942,759</u>	<u>2,026,575</u>
Equity attributable to owners of the Company		1,991,495	2,083,611
Non-controlling interests		<u>(946)</u>	<u>(325)</u>
Total equity		<u>1,990,549</u>	<u>2,083,286</u>

Notes:

1. GENERAL INFORMATION

Oriental Watch Holdings Limited (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 address of the registered office and principal place of business of the Company are detailed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

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

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is analysed based on the geographical markets of the goods sold.

Specifically, the Group has four operating segments, being (a) Hong Kong, (b) the People's Republic of China (the "PRC"), (c) Macau and (d) Taiwan, which is also the basis of organisation of the Group for managing the business operations. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Sales of watches (revenue recognised at a point in time)

For sales of watches, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail shop including those sales through department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. A credit period of not more than 30 days is granted to the department stores who receive the payment on behalf of the Group at the point the customer purchases the goods.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

	Segment revenue — recognised at a point in time		Segment profit (loss)	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	979,837	1,198,061	67,589	59,212
The PRC	2,359,018	944,759	353,589	104,589
Macau	164,796	204,385	10,660	23,377
Taiwan	371	5,478	(3,723)	(27,986)
	<u>3,504,022</u>	<u>2,352,683</u>	<u>428,115</u>	<u>159,192</u>
Unallocated other income			10,964	15,604
Unallocated corporate expenses			(99,035)	(31,511)
Unallocated other gains and losses			6,706	(20,216)
Interest on bank loans			(170)	(956)
Share of results of associates			9,193	5,379
Share of result of a joint venture			(37)	(59)
Profit before taxation			<u>355,736</u>	<u>127,433</u>

Segment profit represents the profit before taxation earned by each segment without allocation of interest on bank loans, share of results of associates and a joint venture, unallocated other income, unallocated other gains and losses and unallocated corporate expenses. Unallocated corporate expenses include auditor's remuneration, directors' emoluments and operating expenses of inactive companies. This is the measure reported to the chief operating decision maker 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 31 March 2021.

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	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	904,781	977,166	388,913	311,958
The PRC	530,241	351,958	176,017	51,049
Macau	30,376	85,570	5,717	24,431
Taiwan	19,972	24,984	131	668
Segment total	1,485,370	1,439,678	570,778	388,106
Unallocated	1,242,160	1,073,943	166,203	42,229
Group's total	2,727,530	2,513,621	736,981	430,335

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 equity instruments at FVTOCI, debt instruments at FVTOCI, equity investments at FVTPL, deferred tax assets, interests in associates, interest in a joint venture, loans receivables, taxation recoverable, bank balances and cash and unallocated corporate assets; and
- all liabilities are allocated to operating segments other than taxation payable, deferred tax liabilities, derivative financial instruments at FVTPL and bank loans. 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		Additions of right-of-use assets		Depreciation of property, plant and equipment		Depreciation of right-of-use assets		Loss on disposal of property, plant and equipment		Impairment loss recognised on property, plant and equipment *		Impairment loss recognised on right-of-use assets		Impairment loss under ECL model	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	17,768	36,353	137,540	39,487	19,057	20,041	81,665	102,528	658	5,921	—	6,973	—	12,479	—	16,132
The PRC	6,462	7,689	14,198	17,248	10,114	10,314	12,502	9,561	—	—	—	1,150	—	—	1,712	(671)
Macau	75	132	—	—	596	2,611	17,954	18,537	—	—	—	—	—	—	—	—
Taiwan	—	—	—	—	—	287	—	1,601	—	1,510	—	—	—	—	—	—
Segment total	24,305	44,174	151,738	56,735	29,767	33,253	112,121	132,227	658	7,431	—	8,123	—	12,479	1,712	15,461
Unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Group's total	24,305	44,174	151,738	56,735	29,767	33,253	112,121	132,227	658	7,431	—	8,123	—	12,479	1,712	15,461

* The amount includes the impairment loss on deposits for acquisition of property, plant and equipment in Hong Kong.

Information about the Group's non-current assets (excluding equity instruments at FVTOCI, debt instruments at FVTOCI, loan receivables, deferred tax assets, interests in associates and interest in a joint venture) by geographical location of the assets is detailed below:

	Carrying amount of non-current assets	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	524,326	454,511
The PRC	49,805	48,213
Macau	2,863	25,866
	<u>576,994</u>	<u>528,590</u>

4. OTHER INCOME

	2021	2020
	HK\$'000	HK\$'000
Interest income from bank	9,032	15,392
Interest income from loan receivables at amortised cost	1,628	—
Interest income from rental deposits	1,304	1,402
Government subsidies (<i>note a</i>)	7,363	8,311
Government subsidies in respect of COVID-19 (<i>note b</i>)	11,143	—
Others	4,103	3,255
	<u>34,573</u>	<u>28,360</u>

Notes:

- (a) Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business in the PRC.
- (b) During the current year, the Group recognised government grants in respect of COVID-19-related subsidies, including subsidies from the Employment Support Scheme provided by the Hong Kong Government of HK\$10,243,000.

5. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on disposal/written off of property, plant and equipment	(658)	(7,431)
Gain (loss) from changes in fair value of equity investments at FVTPL	3,016	(2,123)
Gain on redemption of debt instruments at FVTOCI	1	6
Impairment loss on deposits for acquisition of property, plant and equipment	—	(4,000)
Impairment loss recognised in respect of property, plant and equipment	—	(4,123)
Impairment loss recognised in respect of right-of-use assets	—	(12,479)
Loss arising from termination of leases	(4)	(43)
Net loss on derivative financial instruments at FVTPL	(3,221)	(2,179)
Net exchange gains	6,116	212
	<u>5,250</u>	<u>(32,160)</u>

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSSES MODEL, NET OF REVERSAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment losses recognised (reversed) on:		
— trade receivables	1,712	(671)
— other receivables	—	16,132
	<u>1,712</u>	<u>15,461</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans	170	956
Interest on lease liabilities	10,033	13,254
	<u>10,203</u>	<u>14,210</u>

8. PROFIT BEFORE TAXATION

	2021 HK\$'000	2020 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	93,796	27,740
Other staff costs	136,100	103,066
Other staff's retirement benefits scheme contributions	4,942	6,066
Total staff costs	234,838	136,872
Auditor's remuneration	3,320	3,480
Cost of inventories recognised as expense (including reversal of allowance for slow-moving watches of HK\$2,491,000 (2020: allowance for slow-moving watches of HK\$19,005,000))	2,541,906	1,707,356
Depreciation of property, plant and equipment	29,767	33,253
Depreciation of right-of-use assets	112,121	132,227

9. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax:		
Hong Kong	8,503	13,598
PRC Enterprise Income Tax	88,657	15,348
Other jurisdictions	2,717	3,469
Withholding tax on dividend income from associates	1,677	420
Withholding tax on dividend income from subsidiaries	6,043	—
	107,597	32,835
Overprovision in prior years:		
Hong Kong	(1,178)	(166)
Other jurisdictions	(453)	(60)
	(1,631)	(226)
Deferred taxation charge (credit)	17,146	(4,285)
	123,112	28,324

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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% for both years, after setting off of tax losses brought forward, if any.

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

10. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend for financial year ended 31 March 2021 of 2.8 HK cents (2020: 2.8 HK cents) per share on 487,358,224 (2020: 570,358,224) shares	13,646	15,970
Interim special dividend for financial year ended 31 March 2021 of 9.2 HK cents (2020: 8.7 HK cents) per share on 487,358,224 (2020: 570,358,224) shares	44,837	49,621
Final dividend for financial year ended 31 March 2020 of 8.0 HK cents (2019: 8.0 HK cent) per share on 570,358,224 (2019: 570,358,224) shares	45,629	45,629
Special dividend for financial year ended 31 March 2020 of 5.0 HK cents (2019: 13.5 HK cents) per share on 570,358,224 (2019: 570,358,224) shares	28,518	76,998
	<u>132,630</u>	<u>188,218</u>
Dividends proposed after year end (note):		
Proposed final dividend for financial year ended 31 March 2021 of 12.0 HK cents (2020: 8.0 HK cents) per share on 487,358,224 (2020: 570,358,224) shares	58,483	45,629
Proposed special dividend for financial year ended 31 March 2021 of 27.0 HK cents (2020: 5.0 HK cents) per share on 487,358,224 (2020: 570,358,224) shares	131,587	28,518
	<u>190,070</u>	<u>74,147</u>

Note: Subsequent to the end of the reporting period, a final dividend and a special dividend for the year ended 31 March 2021 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

11. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<u>Earnings</u>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>233,256</u>	<u>100,301</u>
	2021 '000	2020 '000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>540,342</u>	<u>570,358</u>

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.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the repurchase of shares on 20 November 2020.

12. RIGHT-OF-USE ASSETS

	Leased properties <i>HK\$'000</i>
As at 31 March 2021	
Carrying amount	<u>334,082</u>
As at 31 March 2020	
Carrying amount	<u>287,779</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Expenses related to leases		
Expenses relating to leases with lease terms end within 12 months of the date of initial application of HKFRS 16	—	1,788
Expenses relating to short-term leases	10,597	6,960
Variable lease payments not included in the measurement of lease liabilities	22,772	3,861
Depreciation for the year	<u>112,121</u>	<u>132,227</u>
	<u>145,490</u>	<u>144,836</u>
Additions to right-of-use assets	151,738	56,735
Termination of lease	(2,733)	(7,456)
Modification of lease	<u>7,169</u>	<u>(4,731)</u>
Total cash outflow for leases	<u>156,397</u>	<u>147,772</u>

For both years, the Group leases various retail shops and offices for its operations. Lease contracts are entered into for fixed term of 1 year to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

13. INTERESTS IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of investments in unlisted associates	53,192	53,192
Exchange adjustments	615	(558)
Share of post-acquisition profits, net of dividends received	<u>12,555</u>	<u>11,347</u>
	<u>66,362</u>	<u>63,981</u>

Included in the interests of investments are goodwill of HK\$26,076,000 (2020: HK\$25,734,000) arising on acquisition of associates.

14. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed investments		
Equity securities listed in Hong Kong	27	36
Unlisted investments	<u>4,498</u>	<u>3,175</u>
	<u>4,525</u>	<u>3,211</u>

Note:

The directors of the Company have elected to designate these investments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

15. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed investments		
Debt securities listed in overseas with fixed interests ranging from 2.89% to 3.25% (2020: 1.80% to 4.25%) per annum and maturity dates ranging from 3 August 2022 to 9 January 2023 (2020: 6 June 2020 to 15 June 2023)	7,330	10,926
Unlisted investments		
Debt securities issued in overseas with fixed interests of 5.30% (2020: 2.00% to 5.30%) per annum and maturity date is 15 August 2025 (2020: 6 May 2020 to 15 August 2025)	<u>1,315</u>	<u>6,240</u>
	<u>8,645</u>	<u>17,166</u>
Analysed as:		
Current portion	—	7,486
Non-current portion	<u>8,645</u>	<u>9,680</u>
	<u>8,645</u>	<u>17,166</u>

At 31 March 2021, debt instruments at FVTOCI are stated at fair values, which have been determined with reference to the quoted bid prices available and quoted market prices provided by brokers which are financial institutions.

The amount of the Group's debt instruments at FVTOCI denominated in currencies other than functional currency of the Group is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
United State Dollars ("US\$")	<u><u>8,645</u></u>	<u><u>17,166</u></u>

16. INVENTORIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Watches	603,763	780,556
Accessories and parts	<u>19,005</u>	<u>18,137</u>
	<u><u>622,768</u></u>	<u><u>798,693</u></u>

17. LOANS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivable at amortised cost	41,957	—
Loan receivable at FVTPL	<u>17,095</u>	<u>—</u>
	<u><u>59,052</u></u>	<u><u>—</u></u>

The following is the maturity profile of the loans receivables at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Repayable after one year	41,957	—
Repayable within one year	<u>17,095</u>	<u>—</u>
	<u><u>59,052</u></u>	<u><u>—</u></u>

18. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	265,217	83,835
<i>Less:</i> Allowance for credit losses	<u>(4,690)</u>	<u>(2,959)</u>
	260,527	80,876
Property rental and other deposits	16,368	17,566
PRC value added tax (“VAT”) recoverable	129	2,528
Advances to suppliers	4,716	6,790
Other receivables	<u>4,283</u>	<u>4,995</u>
	<u>286,023</u>	<u>112,755</u>

As at 1 April 2019, trade receivables from contract with customers amounted to HK\$86,046,000.

The Group maintains a general credit policy of not more than 30 days for its retails sales in department store and wholesales customers. Sales made to retail customers are mainly made on a cash basis. The following is an aged analysis of trade receivables net of allowance for credit losses based on the invoice date at the end of the reporting period:

<u>Age</u>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	219,729	61,106
31 to 60 days	30,882	19,770
61 to 90 days	5,688	—
Over 90 days	<u>4,228</u>	<u>—</u>
	<u>260,527</u>	<u>80,876</u>

As at 31 March 2021, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of HK\$40,798,000 (2020: HK\$19,770,000) which are past due as at the reporting date. Out of the past due balances, HK\$4,228,000 (2020: Nil) has been past due 90 days or more and is not considered as in default. These balances are not considered as in default because historical experience indicated that such receivables could be recoverable from the relevant debtors. The Group does not hold any collateral over these balances.

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed investments		
Equity securities listed in Hong Kong	2,902	4,230
Equity securities listed in overseas	<u>3,134</u>	<u>11,641</u>
	<u>6,036</u>	<u>15,871</u>

The amount of the Group's equity investments at FVTPL denominated in currencies other than functional currency of the Group is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
US\$	<u>3,134</u>	<u>11,641</u>

20. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Trade and other payables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	112,064	26,168
Payroll and welfare payables	87,499	15,648
Commission payables	30,553	25,886
Renovation work payables	2,506	1,430
PRC VAT and other taxes payables	28,133	1,230
Property rental fee payables	6,173	1,916
Other payables	17,741	11,496
Accrued expenses	<u>2,701</u>	<u>3,000</u>
	<u>287,370</u>	<u>86,774</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<u>Age</u>		
0 to 60 days	110,976	25,088
61 to 90 days	17	52
Over 90 days	1,071	1,028
	<u>112,064</u>	<u>26,168</u>

The average credit period on purchases of goods is 30 days.

Contract liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities on sales of watches	<u>4,502</u>	<u>4,366</u>

During the year ended 31 March 2021, revenue recognised in current year of HK\$4,366,000 (2020: HK\$7,476,000) was included in the contract liability balance at the beginning of the year.

Contract liabilities represent receipts in advance for sales of watches, giving rise to contract liabilities until revenue is recognised.

As at 1 April 2019, contract liabilities amounted to HK\$7,476,000.

21. LEASE LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	85,651	101,663
Within a period of more than one year but not more than two years	70,185	70,777
Within a period of more than two years but not more than five years	177,952	90,675
Within a period of more than five years	17,574	44,321
	<u>351,362</u>	307,436
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(85,651)</u>	<u>(101,663)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>265,711</u>	<u>205,773</u>

22. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	1,000,000,000	100,000
Issued and fully paid:		
At 1 April 2019 and 31 March 2020	570,358,224	57,036
Share repurchased and cancelled (<i>note</i>)	(83,000,000)	(8,300)
At 31 March 2021	487,358,224	48,736

Note: During the year ended 31 March 2021, the Company repurchased a total of 83,000,000 issued ordinary shares on 20 November 2020 at the price of HK\$3.00 per share of the Company under the conditional cash offer which are being fulfilled in full subsequently. The ordinary shares were cancelled upon repurchase on 20 November 2020. Further details of this transaction are set out in the Company's announcement and circular. The differences of the price and the nominal amount of the share is charged to share premium.

23. SHARE-BASED PAYMENT TRANSACTION

(a) 2003 Share Option Scheme

Pursuant to an ordinary resolution passed at the Company's special general meeting held on 3 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 3 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 Listing Rules. The exercisable period is determined by the directors of the Company, which shall not be more than ten 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 6 April 2011, 32,300,000 share options were granted and on 29 August 2011, and 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 or exercisable period. 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
6 April 2011	32,300,000	6 April 2011 to 5 April 2021	HK\$4.13	HK\$3.44 (note i)
29 August 2011	23,000,000	29 August 2011 to 28 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 31 March 2020 and 2021:

Share options granted on 6 April 2011

Categories of participants	Number of shares under option outstanding at 1 April 2019, 31 March 2020 and 31 March 2021
Directors of the Company	11,520,000
Other employees	14,400,000
Consultants (note ii)	2,640,000
Total	28,560,000

Share options granted on 29 August 2011

	Number of shares under option outstanding at 1 April 2019, 31 March 2020 and 31 March 2021
Categories of participants	
Other employees	18,000,000
Consultants (<i>note ii</i>)	5,000,000
	<hr/>
Total	23,000,000
	<hr/> <hr/>

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 2 November 2013. The options could be exercised by the participants at any time during the option exercisable period and notwithstanding that the 2003 Share Option Scheme had expired. During the year ended 31 March 2021 and 2020, no options under the 2003 Share Option Scheme were granted, exercised, lapsed or forfeited.

(b) 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.

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 representing about 10% of the issued share capital of the Company on such date. 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 ten 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 2 November 2023.

No option was granted, exercised or lapsed under the 2013 Share Option Scheme since its effective date on 3 November 2013 and there was no outstanding share option as at 31 March 2021.

No share-based payment expense was recognised for the years ended 31 March 2020 and 2021 in relation to share options granted by the Company.

24. CAPITAL COMMITMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>16,975</u>	<u>8,378</u>

FINAL DIVIDEND

The directors proposed to pay a final dividend of 12.0 Hong Kong cents per share for the year ended 31 March 2021 (2020: 8.0 Hong Kong cents) and a special dividend of 27.0 Hong Kong cents per share (2020: 5.0 Hong Kong cents) to the shareholders whose names appear on the register of members of the Company on 24 September 2021. Subject to approval at the forthcoming annual general meeting, dividend warrants will be sent to shareholders on or before 11 October 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 September 2021 to 24 September 2021 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 September 2021.

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 31 March 2021 (the "Year").

2020 was a challenging year for global travel and retailing industry due to the COVID-19 outbreak and consequential travel restriction and various social distancing measures implemented. However, as social-distancing rules being relaxed and the introduction of vaccination since late 2020, domestic consumption of the Group's business operating regions, including Hong Kong, Macau, the People's Republic of China (the "PRC") and Taiwan, has become more active, especially for jewellery, watches, clocks and other valuables, benefiting the Group performance in the second half of the Year. In the second half of Year, the Group's business has gradually returned to pre-COVID-19 levels with the gradual recovery of all the markets where the Group bases. During the Year, the Group registered revenue of HK\$3,504 million (2020: HK\$2,353 million), increased by 48.9% year-on-year, mainly attributable to the significant growth in revenue in the PRC market as consumers increased their spending locally due to travel restrictions caused by the COVID-19 pandemic. Gross profit increased by 49.1% to HK\$962 million (2020: HK\$645 million) and gross profit margin increased to 27.5% (2020: 27.4%). The Group's net profit attributable to owners of the Company has significantly increased by 133% to HK\$233 million (2020: net profit of HK\$100 million).

To show our appreciation for shareholders' continuous support, the Board has resolved to recommend a final dividend of 12.0 HK cents per share (2020: 8.0 HK cents) and special final dividend of 27.0 HK cents (2020: 5.0 HK cents) for the year ended 31 March 2021.

Business Review

As at 31 March 2021, the Group operates 58 retail and wholesale points (including associate retail stores) in the Greater China region. Breakdown by geographic region is as follows:

	As at 31 March 2021
Hong Kong	11
Macau	1
The PRC	43
Taiwan	3
	<hr/>
Total	58
	<hr/> <hr/>

While the global market has been facing the uncertainties brought by the pandemic, China was the only major economy recording positive GDP growth in 2020. As overseas shopping trips were restricted, the Group's target customers splurged on high-end goods domestically. After COVID-19 lockdowns in early 2020, the PRC's total national retail sales of consumer goods have rebounded since August last year, particularly the gold, silver and jewellery category continued to increase 93.4% for the first quarter of 2021 as the PRC Government has been promoting domestic consumption. According to the 2020 statistics stated by the Federation of the Swiss Watch Industry FH, China became the leading direct destination for Swiss watch exports and was the only market to show growth (+20.0% compared with 2019). And from January to March 2021, Swiss watch export value to China continued to record a remarkable growth of 94.5% and 71.4% respectively compared to the same period of 2020 and 2019, to CHF759.4 million. Riding on this economic boost and improving market sentiment, the Group's revenue in such market surged by 150% to HK\$2,359 million (2020: HK\$ 945 million). Profit contribution of the PRC operation increased substantially, which was principally attributable to the increased consumers' spending locally due to travel restrictions caused by the COVID-19 pandemic.

Hong Kong tourism and retail sector had been hit hard in 2020 due to travel restriction and various social distancing measures implemented. However, as social-distancing rules being relaxed since mid-February 2021 and the introduction of vaccination, despite the significant decrease of tourist's number, local consumers have become the major growth driver. In the first quarter of 2021, the value of Hong Kong retail sales rebounded and expanded 7.5 per cent year-on-year. Over that period, Hong Kong's economy bounced back by posting GDP growth of 7.8%, an 11-year high that followed an all-time low registered a year ago, especially for jewellery, watches, clocks and other valuables, which were March's top performers, jumping 81% year-on-year. Impacted by the retail market sentiment in the first three quarters of the Year, the Group's revenue of Hong Kong market for the Year decreased by 18.2% to HK\$980 million (2020: HK\$1,198 million). However, a strong rebound in the Hong Kong business was recorded in the fourth quarter of Year, mainly attributable to the local consumption recovery.

To ensure a high operating efficiency, exercising stringent control, especially on rental cost, has been the Group's priorities since 2014 and positive outcomes have been reflecting. During the Year, the Group's aggregate expenses related to leases maintained at a stable level of HK\$145 million, accounting for 22.2% of the Group's overall operating expenses (2020: 28.7%). In addition, regular internal assessment on the performance of all retail stores and closedown of high-rent yet non-performing stores are also the Group's strategy for better resources allocation. The Group will continue to closely monitor the store performance as well as the rental contracts from time to time in order to maximise the profitability by improving our efficiency and cost structure.

During the Year, the Group has employed policies on inventory management to ensure stable cashflow and healthy financial position. Policies included monitoring inventory level of high-ticket products and purchasing stocks only when existing inventory depletes to a pre-agreed level. With the hard work and determination from all staff, the Group's inventory level has successfully been maintained at a reasonable level. As at 31 March 2021, the Group's overall inventory level amounted to HK\$623 million, decreasing by 22.0% from HK\$799 million as at 31 March 2020. In parallel, the Group has also continued to step up its efforts in adjusting and optimising its brand portfolio, in order to stabilise the Group's overall sales performance and keep abreast of market trend. Oriental Watch will continue to maintain a lower inventory level for a better cash position and a sustainable business development in the future.

Looking forward, following the gradual settlement of the pandemic due to vaccination rollout, as well as the launch of policies and measures promoting domestic consumption in both Hong Kong and the PRC, two of major markets where the Group operates, we believe the market sentiment and demand, especially on luxury watches, continue to be strong, while a normalised growth would be expected due to a larger comparison base. However, as one of the largest watch retailers renowned of its reputation and credibility, Oriental Watch will continuously explore opportunities from the economic recovery in the region, while at the same time, the Group will keep reviewing its strategies on marketing, distribution channel, cost control and inventory management to strengthen the productivity for a sustainable business development.

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

FINANCIAL REVIEW

Liquidity and financial resources

At 31 March 2021, the Group's total equity reached HK\$1,991 million, compared with HK\$2,083 million as at 31 March 2020. The Group had net current assets of HK\$1,546 million, including bank and cash balances of HK\$1,061 million as at 31 March 2021 compared with balances of HK\$1,668 million and HK\$937 million respectively as at 31 March 2020. At 31 March 2021, bank loans of the Group amounted to HK\$18 million (31 March 2020: HK\$6 million) and the gearing ratio (defined as total bank loans on total equity) was 0.009 (31 March 2020: 0.003).

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.

HUMAN RESOURCES

As at 31 March 2021, our Group employed approximately 568 employees in Hong Kong, Macau, Mainland China and Taiwan, of which approximately 63% were located in Mainland China.

Our employees' compensation packages include basic salary, commission, annual bonus, medical insurance and other common benefits. They are structured by reference to the nature of their posts, experiences and performance, and are reviewed annually based on the Group's objective performance appraisal system.

The Group has allocated significant resources to provide training programmes to employees to improve their services to customers. The management team has used results of a "Mystery Shoppers Programme" conducted by an independent consultancy firm to tailor-made training programmes for specific shop and at individual level.

The Group has also developed a series of training programmes for senior executives with diverse topics ranging from leadership, personal development and effectiveness, task and team management. These programmes enable our senior executives to improve their management skills and help to bring in innovative ideas to the Group.

The Company has adopted a share option scheme relating to the grant of options to eligible persons including directors and employees of the Group to subscribe for shares of the Company. The share option scheme enables the Group to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the shares of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 March 2021.

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

On 20 November 2020, the Company bought back a total of 83,000,000 shares of the Company at HK\$3.00 per share. Save as aforesaid, during the year ended 31 March 2021, 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 on Corporate Governance Code ("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 31 March 2021, except the deviations mentioned below:

1. Under Code Provision A.2.1, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. However, such roles have been taken up by Mr. Yeung Him Kit, Dennis since 10 February 2021 after Dr. Yeung Ming Biu, the Company's former chairman, passed away as the Board considers that he is the most suitable person with the necessary experience to provide leadership to the Board as well as to manage the day-to-day operations of the Group.
2. 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 of the Company were not appointed for a specific term but are subject to retirement by rotation in annual general meeting of the Company at least once every three years.
3. Code Provisions A5.1 to A5.4 provide for the establishment of a nomination committee. The Board has not established a nomination committee as it considers that all Directors should be involved in performing the duties set out in such Code Provisions.
4. For Code provision E.1.5 which relates to disclosure of dividend policy, the Company does not have a dividend policy and the Board will decide on the declaration/ recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Group's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.

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 had complied with the required standard set out in the Model Code throughout the year ended 31 March 2021.

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 31 March 2021.

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 31 March 2021 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 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 8 September 2021. 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 2021 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 Mr. Yeung Him Kit, Dennis (Chairman), Madam Yeung Man Yee, Shirley and Mr. Lam Hing Lun, Alain 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 Him Kit, Dennis
Chairman

Hong Kong, 23 June 2021