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ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the “Company”)

(Stock Code: 398)

ACQUISITION OF ASSETS CONNECTED TRANSACTION

The Company entered into an agreement on 18 September 2018 for the acquisition of the entire issued share capital of Fully Field from the Vendors for an aggregate consideration of HK\$4,186,259 in cash.

The Vendors are Mr. Yeung (an executive director, the chairman and a substantial shareholder of the Company), Mr. Choi (an executive director of the Company) and Mr. Fung Kwong Yiu (who has 6% interest in Real Champ Limited, a company with 20% interest in a substantial shareholder of the Company), who owned the issued share capital of Fully Field as to 50%, 37.5% and 12.5% respectively.

The agreement constitutes a connected transaction of the Company exempt from circular and shareholders’ approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

AGREEMENT DATED 18 SEPTEMBER 2018

Parties:

Vendors: Mr. Yeung Ming Biu (“Mr. Yeung”);
Mr. Choi Kwok Yum (“Mr. Choi”); and
Mr. Fung Kwong Yiu (“Mr. Fung”)
(together the “Vendors”)

Purchaser: the Company

Assets acquired:

8 shares representing the entire issued share capital of Fully Field Development Limited (“Fully Field”) owned by Mr. Yeung, Mr. Choi and Mr. Fung as to 50%, 37.5% and 12.5% respectively.

Fully Field is a company incorporated in Hong Kong on 2 June 2011. It is principally engaged in properties leasing. For the year ended 31 March 2018, its net profits before and after taxation were both HK\$939,937, while its losses before and after taxation for the year ended 31 March 2017 were both HK\$236,060. Fully Field achieved profit for the year ended 31 March 2018 due to reversal of impairment loss of the Properties (as defined below) of HK\$1,177,119 as a result of the valuation of the Properties at HK\$7,310,000 as at 31 March 2018 by an independent valuer. There were no extraordinary items for these two years.

The main assets of Fully Field are Signage Space Nos. NMPAS03, NMPAS04 and NMPAS06, Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “Properties”), which comprise three signage spaces on the external wall of the 1st Floor of the commercial podium of Mandarin Plaza. The remaining assets of Fully Field consist of cash and bank balances of about HK\$31,190. Its current liabilities are about HK\$45,010.

The Company owns and operates a watch retail outlet on Ground Floor of Mandarin Plaza. Fully Field has allowed the Company to use two signage spaces and one signage space of the Properties for advertisement purpose since about 2012 and 2015 respectively free of charge.

Grant Sherman Appraisal Limited, an independent valuer (the “Valuer”), has valued the Properties at HK\$4,200,000 as at 31 July 2018.

The Vendors originally invested a total of HK\$100,371,666 (equity and loans) on Fully Field to partly fund its acquisition of the Properties together with Shop Nos. 157-190, 220-226 and 237-248, 1st Floor, Commercial Podium of the same building (the “Shops”) at the same time at the total purchase price of HK\$156,000,000. The Shops have since been disposed of by Fully Field. Thus there was no figure for the original purchase costs to the Vendors relating solely to the acquisition of Fully Field holding only the assets on completion of the agreement.

Consideration:

HK\$4,186,259 in cash.

The consideration was arrived at after arm’s length negotiations and is equal to the above valuation of the Properties by the Valuer less the net current liabilities of Fully Field as at 31 August 2018 of about HK\$13,741.

The directors of the Company (including the independent non-executive directors) consider that the terms of acquisition are fair and reasonable and in the interests of the shareholders as a whole. Mr. Yeung and Mr. Choi (who are interested in the acquisition) together with Mr. Yeung Him Kit, Dennis and Ms. Yeung Man Yee, Shirley (the children of Mr. Yeung) have abstained from voting on the board resolution approving the acquisition.

Payment terms and completion date:

The purchase price was paid in cash on completion on 18 September 2018.

Funding:

The purchase price has been funded from internal resources.

REASONS FOR THE TRANSACTION

The Company considers that this acquisition will allow it to continue to use the Properties as signage for advertisement purpose to promote its business.

CONNECTION BETWEEN THE PARTIES

Mr. Yeung is an executive director, the chairman and a substantial shareholder of the Company. Mr. Choi is an executive director of the Company. Mr. Fung has 6% interest in Real Champ Limited, which is the beneficial owner of 20% of the issued share capital of Datsun Holdings Limited, who holds 127,776,000 shares of the Company, representing about 22.39% of its issued share capital.

INFORMATION FOR SHAREHOLDERS

The Company and its subsidiaries (the “Group”) are principally engaged in watch trading in Hong Kong, Macau, Taiwan and Mainland China.

For the Company, the acquisition is a connected transaction exempt from circular and shareholders’ approval requirements under Rule 14A.76(2)(a) of the Listing Rules. The Group does not have any transaction with any of the Vendors which is required to be aggregated with the acquisition under Rules 14.22 or 14A.81 of the Listing Rules.

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

Hong Kong, 18 September 2018

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