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ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 398)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 27 June 2022 (after trading hours of the Stock Exchange), the Company has adopted the Scheme. The purposes and objectives of the Scheme are to recognise and motivate the contributions by certain Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group and to help the Group in attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group, and to provide the Eligible Persons with a direct economic interest in attaining the long-term business objectives of the Group.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption or implementation of the Scheme.

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Purposes and objectives

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Duration

Subject to any early termination as may be determined by the Board and pursuant to Scheme, the Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date.

Scheme Limit

The Board shall not make any further Award which will result in: (i) the number of Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date; or (ii) the number of the Shares held by public Shareholders falls below the minimum percentage as prescribed under the Listing Rules.

The maximum number of Shares which may be awarded to each Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

Administration

The Scheme shall be subject to the administration of the Administration Committee or the Trustee (as the case may be) in accordance with the terms of the Scheme, and the terms of the Trust Deed (if applicable) and all applicable laws and regulations. The Board shall have the absolute power to interpret the rules of the Scheme.

Eligibility of Participants

Pursuant to the terms of the Scheme, any employee (whether full time or part time), executive, officer, or directors (including executive, non-executive and independent non-executive Directors) of the Company or of any Subsidiary (including persons who are granted Shares under the Scheme as an inducement to enter into employment contracts with these companies) are eligible for participation in the Scheme.

Operation

The Board may, at any time and from time to time, cause to be paid the Reference Amount to the Account or to the Trustee for the purchase of the Shares by the Administration Committee or the Trustee (as the case may be) on the market for the operation of the Scheme.

The Administration Committee or the Trustee shall, within 20 business days (or such longer period as the Board may decide from time to time having regard to the circumstances of the purchase concerned) on which trading of the Shares is not suspended after receiving the Reference Amount, apply the Reference Amount towards the purchase of the Awarded Shares at the prevailing market price.

If the Reference Amount paid to the Account or the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Administration Committee or the Trustee shall acquire the maximum number of board lots of Shares that can be acquired with that amount and seek further funds from the Board until all the Awarded Shares are purchased.

Grant of Awarded Shares

Pursuant to rules of the Scheme and the requirements of the Listing Rules, the Board may, from time to time, at its absolute discretion select any Eligible Person (excluding any Excluded Person) for participation in the Scheme as a Selected Person.

Where any Awarded Shares are proposed to be offered to a connected person of the Company, such offer of the Awarded Shares has to be first approved by the independent non-executive Directors and the Company shall comply with the applicable requirements under the Listing Rules in respect of such offer.

The Board is entitled to impose any conditions (including but not limited to a period of continued service within the Group by the Selected Person), as it deems appropriate in its sole and absolute discretion with respect to the entitlement of the Selected Person(s) to the Awarded Shares. Pursuant to the Scheme, the Board shall select Selected Person(s) and determine the number of Awarded Shares and shall inform the Administration Committee or the Trustee and the Selected Person(s) accordingly.

Vesting of Awarded Shares

Subject to the terms and conditions of the Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Administration Committee or the Trustee on behalf of a Selected Person pursuant to the terms of the Scheme shall vest in such Selected Person in accordance with the timetable and the vesting condition (if any) and the Administration Committee or the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the Vesting Date(s), provided that the Selected Person remains at all times after the grant of the Award and on each relevant Vesting Date(s) an Eligible Person.

Where any Awarded Shares and the related income which is in the form of Shares are not vested in any Selected Person for whatever reasons in accordance with the Scheme, such unvested Awarded Shares and the related income shall become Returned Shares for the purposes of the Scheme.

Disqualification of Eligible Person

A Selected Person may be ceased to be an Eligible Person:

- i. where such Selected Person has terminated his employment with any member of the Group by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the Group otherwise than by reason of redundancy; or
- ii. on the grounds that he has committed any act of bankruptcy or has become insolvent or has made arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Selected Person or the Group or the relevant controlling Shareholder into disrepute); or
- iii. if in the absolute discretion and determination of the Board, such person is no longer eligible or appropriate to be an Eligible Person.

Lapse of Awarded Shares

The Awarded Shares granted to a Selected Person shall automatically lapse forthwith in total or in partial (as the case may be pursuant to the Scheme) upon the occurrence of any of the following events on or before the relevant Vesting Date, unless the Board determines otherwise at its discretion:

- (A) a Selected Person died or retired at his/her normal retirement date or earlier by agreement with the Company or the Subsidiary at any time prior to a Vesting Date;
- (B) in the event that (i) a Selected Person ceases to be an Eligible Person; or (ii) the Subsidiary by which a Selected Person is employed ceases to be a subsidiary of the Company (or of a member of the Group); or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or
- (C) in the event that (i) a Selected Person is found to be an Excluded Person; or (ii) a Selected Person fails to return duly executed transfer documents prescribed by the Administration Committee or the Trustee for the relevant Awarded Shares within the stipulated period pursuant to the Scheme.

Upon the total or partial lapse of the Award, the relevant Awarded Shares and related income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

Nature of the Award

Pursuant to the Scheme, any Award made thereunder shall be personal to the Selected Person to whom it is made and shall not be assignable and no Selected Person shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to, amongst the others, the Awarded Shares referable to him pursuant to such Award or the related income or any of the Returned Shares under the Scheme.

Restrictions

No payment shall be made to the Account or the Trustee pursuant to the Scheme and no instructions to acquire Shares shall be given to the Administration Committee or the Trustee under the Scheme where any director is in possession of unpublished inside information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Voting Rights

The Selected Person or the Administration Committee or the Trustee shall not exercise the voting rights in respect of any Awarded Shares held by the Administration Committee or under the Trust that have not yet vested (including but not limited to the Awarded Shares, the Further Shares, any bonus Shares and scrip Shares).

Alteration of the Scheme

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Selected Person under the Scheme.

Termination

The Scheme shall terminate on the earlier of (i) the expiry of 10 years after the Adoption Date; (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Person under the Scheme; and (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company pursuant to the Scheme.

Upon termination of the Scheme, (i) all the Awarded Shares and the related income shall become vested on the Selection Person so referable on such date of termination subject to the terms under the Scheme; and (ii) the Returned Shares and such non-cash income remaining in the Account or the trust fund of the Trust shall be sold by the Administration Committee or the Trustee. The net proceeds of aforesaid sale and such other funds remaining in the Account or the Trust shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Administration Committee or the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to the Scheme).

LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption or implementation of the Scheme.

Pursuant to the Scheme, Selected Person covers any Director and other employees of the Company and of its Subsidiaries. As such, if the Board selects a Director as the Selected Person, the grant of the Awarded Shares to such Director may constitute a connected transaction of the Company. However, since the grant of Awarded Shares to a Director forms part of the remuneration of the relevant Director under his/her service contract, such grant of Awarded Shares will be exempted from all the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.95 of the Listing Rules.

DEFINITIONS

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

“Account”	the securities account opened in the name of the Company to be operated solely for the purpose of operating the Scheme and the funds thereof to be held on trust by the Company for the Selected Persons
“Administration Committee”	the committee of the Board that may be set up and delegated with the power and authority by the Board to administer the Scheme
“Adoption Date”	27 June 2022, being the date on which the Scheme is adopted by the Board
“Award”	an award of Shares by the Board to a Selected Person pursuant to the Scheme
“Awarded Shares”	in respect of a Selected Person, (a) such number of Shares determined by the Board and purchased by the Trustee or the Administration Committee on the market out of cash paid by the Company by way of settlement to the Trustee pursuant to the Scheme; or (b) such number of Returned Shares or Further Shares awarded under the Scheme

“Board”	board of Directors
“business day(s)”	any day(s) on which the Stock Exchange is open for normal trading and on which banks in Hong Kong are open for normal banking business in Hong Kong generally throughout their normal business hours, excluding a Saturday, Sunday, public holiday(s) and day(s) on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal remains effective in Hong Kong at any time between 09:00 and 17:00 on weekdays;
“Company”	Oriental Watch Holdings Limited, a company incorporated in Bermuda as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00398)
“connected person”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Person”	any employee (whether full time or part time), executive, officer, or directors (including executive, non-executive and independent non-executive Directors) of the Company or of any Subsidiary (including persons who are granted Shares under the Scheme as an inducement to enter into employment contracts with these companies)
“Excluded Person”	any Eligible Person who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Administration Committee or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person
“Further Shares”	Shares purchased by the Administration Committee or the Trustee out of cash income or net proceeds of sale of non-cash and non-scrip distribution declared and distributed by the Company in respect of the Shares held by the Administration Committee or upon the Trust

“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Reference Amount”	the sum of (i) the product of the closing price of the Shares as at the Reference Date or as at the date on which the Board approves to purchase such Shares (as the case may be), and the number of Awarded Shares to be purchased; (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and such other necessary expenses required for the completion of the purchase of all the Awarded Shares); and (iii) such other necessary expenses, to be paid to the Account or the Trustee (or as it shall direct) from the Company’s resources as soon as practicable
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the relevant Selected Person in a single occasion pursuant to the Scheme
“Returned Shares”	such Awarded Shares or related income which are not accepted or vested in accordance with terms of the Scheme, or such Shares forfeited in accordance with the Scheme or such Shares being deemed to be Returned Shares in accordance with the Scheme
“Scheme”	the employees’ share award scheme of the Company as adopted by the Board on the Adoption Date
“Selected Person(s)”	any Eligible Person(s) whom the Board may, from time to time, at its absolute discretion select for participation in the Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary of the Company
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed as may be entered into between the Company as settlor and the Trustee as trustee (as restated, supplemental and amended from time to time) in respect of the appointment of the Trustee for the administration of the Scheme
“Trustee”	the trustee corporation(s) as may be appointed by the Company for the administration of the Scheme, which shall be third party independent of the Company and its connected persons
“Vesting Date”	in respect of a Selected Person, the date on which his entitlement to the Awarded Shares is vested in accordance with the conditions as imposed by the Board or is deemed to have vested pursuant to the terms of the Scheme
“%”	Per cent

By Order of the Board
Yeung Him Kit, Dennis
Chairman

Hong Kong, 27 June 2022

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