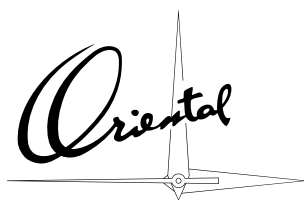


The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ORIENTAL WATCH HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 398)

PRIVATE PLACING OF NON-LISTED WARRANTS AND RESUMPTION OF TRADING

Financial Adviser to the Company



INCUB Corporate Finance Limited

The Directors are pleased to announce that on 11 June 2007, the Company separately entered into two Warrant Placing Agreements with two Subscribers and two Guarantors in relation to a private placing of an aggregate of 55,000,000 Warrants to the Subscribers, at an issue price of HK\$0.02 per Warrant.

The Warrants entitle the Subscribers to subscribe for the New Shares at an initial Subscription Price of HK\$1.81 per New Share for a period of 30 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion of each of the Warrant Placing Agreements is subject to the fulfillment of the conditions in relation thereto stated in the respective sections headed "Conditions" in this announcement. The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 11 June 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 June 2007.

(A) FIRST PLACING AGREEMENT

Date: 11 June 2007

Parties: (i) the Company, as issuer;
(ii) First Subscriber, as subscriber; and
(iii) First Guarantor, as guarantor

Information on First Subscriber and First Guarantor

First Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holding which is wholly and beneficially owned by the First Guarantor. The First Guarantor is entering into the First Placing Agreement to guarantee the performance of First Subscriber under the First Placing Agreement. First Guarantor is a merchant and a private investor and has extensive experience in the management, operation and strategic planning in various corporations engaging in a variety of business activities in Hong Kong and the PRC.

The Directors confirm that each of the First Subscriber and its ultimate beneficial owner, First Guarantor, is an Independent Third Party. Before entering into of the First Placing Agreement, neither First Subscriber nor First Guarantor has any interests in the Shares or any business dealings with the Group.

Save for being parties to the Warrant Placing Agreements, First Subscriber and First Guarantor are independent of and not connected with each of Second Subscriber and Second Guarantor.

Number of Warrants

Pursuant to First Placing Agreement, First Subscriber will subscribe for the First Warrants (i.e. 44,000,000 Warrants). Further details about the First Warrants are set out in the section headed "Information about the Warrants" below.

Conditions

Completion of the First Placing Agreement shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the First Warrants either unconditionally or subject to conditions to which neither the Company nor First Subscriber shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the First Subscriber New Shares.

If the conditions of the First Placing Agreement are not fulfilled on or before 4:00 p.m. 25 June 2007 (or such later date as may be agreed between the parties thereto), the First Placing Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Completion Date

Completion of the First Placing Agreement will take place within three Business Days after the fulfillment of the conditions referred to above.

The First Placing Agreement and the Second Placing Agreement are independent to one another.

(B) SECOND PLACING AGREEMENT

Date: 11 June 2007

Parties: (i) the Company, as issuer;
(ii) Second Subscriber, as subscriber; and
(iii) Second Guarantor, as guarantor

Information on Second Subscriber and Second Guarantor

Second Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holding which is wholly and beneficially owned by Second Guarantor. Second Guarantor is entering into the Second Placing Agreement to guarantee the performance of Second Subscriber under the Second Placing Agreement. Second Guarantor has vested interests in a number of investments in Hong Kong and has over 20 years of experience in auditing, accounting and financial management in Hong Kong, Australia and the PRC.

The Directors confirm that each of Second Subscriber and its ultimate beneficial owner, Second Guarantor, is an Independent Third Party. Before entering into of the Second Placing Agreement, neither Second Subscriber nor Second Guarantor has any interests in the Shares or any business dealings with the Group.

Save for being parties to the Warrant Placing Agreements, Second Subscriber and Second Guarantor are independent of and not connected with each of First Subscriber and First Guarantor.

Number of Warrants

Pursuant to Second Placing Agreement, Second Subscriber will subscribe for the Second Warrants (i.e. 11,000,000 Warrants). Further details about the Second Warrants are set out in the section headed "Information about the Warrants" below.

Conditions

Completion of the Second Placing Agreement shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange shall have approved the issue of the Second Warrants either unconditionally or subject to conditions to which neither the Company nor Second Subscriber shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Second Subscriber New Shares.

If the conditions of the Second Placing Agreement are not fulfilled on or before 4:00 p.m. 25 June 2007 (or such later date as may be agreed between the parties thereto), the Second Placing Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Completion Date

Completion of the Second Placing Agreement will take place within three Business Days after the fulfillment of the conditions referred to above.

The First Placing Agreement and the Second Placing Agreement are independent to one another.

(C) INFORMATION ABOUT THE WARRANTS

Warrant Issue Price

HK\$0.02 per Warrant

Subscription Price

HK\$1.81 per New Share, subject to adjustment based on prescribed formulas as set out in the instrument creating the Warrants for the happening of the following adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution other than the issue of Shares credited as fully paid on partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders;
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 80% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of such market price; and
- (vii) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares on the date of the announcement of the issue (whether or not such issue is subject to the approval of the Shareholders).

Every adjustment to the Subscription Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

The Subscription Price represents (i) a discount of approximately 1.09% to the closing price of HK\$1.83 per Share as quoted on the Stock Exchange on 8 June 2007, being the last trading day before the date of the Warrant Placing Agreements; and (ii) a premium of approximately 1.00% over the average of the closing prices of approximately HK\$1.792 per Share as quoted on the Stock Exchange for the last five trading days up to and including 8 June 2007.

The aggregate of the Warrant Issue Price and the Subscription Price (i) is equal to the closing price of HK\$1.83 per Share as quoted on the Stock Exchange on 8 June 2007; and represents (ii) a premium of approximately 2.12% over the average of the closing prices of approximately HK\$1.792 per Share as quoted on the Stock Exchange for the last five trading days up to and including 8 June 2007.

The Board considers that both the Subscription Price and the aggregate of it with the Warrant Issue Price are fair and reasonable, which are determined after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares, and are in the interests of the Company and the Shareholders as a whole.

Transferability

The Warrants are transferable only to Independent Third Parties, in integral multiples of 1,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants is less than 1,000,000 Warrants, the whole but not part of the outstanding Warrants). Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Subscriber to other parties, and no consent from the Company is required before such transfer is to take place.

Rights of the Warrants

The Warrants will be issued to the Subscribers upon Completion in registered form and constituted by a deed poll. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Subscription Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 30 months commencing from the date of issue of the Warrants at integral multiples of 1,000,000 Warrants. Where the number of the outstanding Warrants is less than 1,000,000 Warrants, the Subscribers shall have the right to exercise the whole but not part of the outstanding number of Warrants to subscribe for the New Shares in cash at the Subscription Price per New Share. The New Shares, when fully paid and allotted, will rank *pari passu* in all respects with the then existing issued Shares. The Warrants are not convertible into further rights to subscribe for other securities of the Company.

A total of 55,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 55,000,000 New Shares, representing (i) approximately 19.98% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares from the full exercise of the subscription rights attaching to the Warrants. The nominal value of the New Shares in total is HK\$5,500,000. Further details of the Warrants when exercised in full are set out in the section headed "Changes in Shareholding Structure" below.

Voting rights for the holders of the Warrants

A holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of it being a holder of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company prior to the Warrants being exercised.

Mandate to issue the New Shares

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 29 August 2006 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date, being HK\$5,505,064 and divided into 55,050,640 Shares.

The New Shares to be allotted and issued upon the exercise in full of the subscription rights attaching to the Warrants will be allotted and issued under the General Mandate. The 55,000,000 New Shares to be allotted and issued would utilise approximately 99.9% of the General Mandate. The General Mandate has not been previously utilised prior to the Warrant Placing.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE WARRANT PLACING

The Group is principally engaged in the trading of watches.

As disclosed in the annual report of the Company for the year ended 31 March 2006, during the year, the Group established 11 new outlets throughout the PRC, increasing its point of sales to 21 shops. All the shops are 100% managed by the Group. The management is trying to open up the retail market in the PRC with a long-term presence. The management also expects there is a long-term investment in trading of watches in the PRC market. Therefore, the Directors expect that in view of the current favourable investment atmosphere, the Group may raise funds to strengthen its financial position through the Warrant Placing and upon full exercise of the subscription rights attaching to the Warrants.

It is intended that the net proceeds from the Warrant Placing of approximately HK\$0.6 million will be applied as general working capital of the Group and any proceeds from the issue of the New Shares upon full exercise of the subscription rights attaching to the Warrants of approximately HK\$99.55 million in future will be applied as funds for business development of the Group in the PRC and towards the general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

There had not been any fund raising activity conducted by the Group for the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 275,253,200 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants are as follows:

Shareholders	Shareholding structure as at the date of this announcement		Shareholding structure upon full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Datsun Holdings Limited (Note 1)	96,800,000	35.168	96,800,000	29.311
Yeung Ming Biu (Note 2)	10,787,260	3.919	10,787,260	3.266
Au Po Kee (Note 3)	6,000,000	2.180	6,000,000	1.817
Sun International Limited (Note 4)	2,000,000	0.727	2,000,000	0.606
Y.H. Chan Limited (Note 5)	294,365	0.107	294,365	0.089
Fung Kwong Yiu (Note 6)	1,803,152	0.655	1,803,152	0.546
Lai Wing Kai (Note 7)	167,547	0.061	167,547	0.051
Subscribers:				
First Subscriber	—	—	44,000,000	13.323
Second Subscriber (Note 8)	—	—	11,000,000	3.331
Public Shareholders	157,400,876	57.183	157,400,876	47.660
Total	275,253,200	100.00	330,253,200	100.00

Notes:

1. Realtower Holdings Limited holds 55% of the issued share capital of Furama Investments Limited which holds 80% of the issued share capital of Datsun Holdings Limited. Messrs. Yeung Ming Bui, Yeung Kim Kit, Dennis, Fung Kwong Yiu, Madam Yeung Man Yee, Shirley and Madam Au Po Kee (wife of Mr. Yeung Ming Bui) are deemed by the SFO to be interested in the Shares (either wholly or partially) beneficially owned by Datsun Holdings Limited.
2. Mr. Yeung Ming Bui, an executive Director and the chairman of the Company holds 10,787,260 Shares personally.
3. Madam Au Po Kee, the wife of Mr. Yeung Ming Bui, holds 6,000,000 Shares personally.
4. The entire issued share capital of Sun International Limited is wholly and beneficially owned by Dr. Sun Ping Hsu, Samson, an independent non-executive Director and his family members.
5. Y.H. Chan Limited (in which Mr. Yeung Ming Bui has 47.5% interest) holds 294,365 Shares.
6. Mr. Fung Kwong Yiu, an executive the Director, holds 1,803,152 Shares personally.
7. Mr. Lai Wing Kai, the husband of Madam Yeung Man Yee, Shirley, an executive Director, holds 167,547 Shares personally.
8. Based on the Subscription Price and the present number Shares which may be issued upon full exercise of the subscription rights attaching to the Second Warrants, the Second Subscriber will be regarded as a public Shareholder upon the Warrants having been fully exercised.

The Directors confirm that other than 27,500,000 Share Options, there are no other warrants, options or similar rights outstanding that confers rights to subscribe for or purchase shares of the Company that requires disclosure under Chapter 15 of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 11 June 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 12 June 2007.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Oriental Watch Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Warrant Placing in accordance with the terms and conditions of the Warrant Placing Agreements
“Directors”	the directors, including independent non-executive directors, of the Company
“First Guarantor”	Mr. Yip

“First Placing Agreement”	the conditional subscription agreement dated 11 June 2007 and entered into among the Company, First Subscriber and First Guarantor in relation to the subscription of the First Warrants
“First Subscriber”	Spring Mount Limited
“First Subscriber New Shares”	44,000,000 New Shares
“First Warrants”	44,000,000 Warrants to be issued and subscribed under the First Placing Agreement
“General Mandate”	the general mandate granted to the Directors by the Shareholders in an annual general meeting of the Company convened and held on 29 August 2006
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, the First Guarantor and the Second Guarantor, being guarantors to the First Placing Agreement and the Second Placing Agreement respectively
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party (Parties)”	independent third party (parties) who is (are) not connected person(s) (as defined in the Listing Rules) of the Company and is (are) independent of and not connected with the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Francis Ping Kuen
“Mr. Yip”	Mr. Yip Yung Kan
“New Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s) comprising the First Subscriber New Shares and the Second Subscriber New Shares
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Second Guarantor”	Mr. Chan
“Second Placing Agreement”	the conditional subscription agreement dated 11 June 2007 and entered into among the Company, Second Subscriber and Second Guarantor in relation to the subscription of the Second Warrants
“Second Subscriber”	Bright Year Limited
“Second Subscriber New Shares”	11,000,000 New Shares
“Second Warrants”	11,000,000 Warrants to be issued and subscribed under the Second Placing Agreement

“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Share Options”	the share options granted under the share option scheme approved and adopted by the Shareholders pursuant to an ordinary resolution passed at a special general meeting of the Company held on 3 November 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, the First Subscriber and the Second Subscriber, being subscribers to the First Placing Agreement and the Second Placing Agreement respectively
“Subscription Price”	an initial Subscription Price of HK\$1.81 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares
“Warrant(s)”	an aggregate of 55,000,000 non-listed warrants to be issued and subscribed at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Subscription Price at any time during a period of 30 months commencing from the date of issue of the Warrants pursuant to the Warrant Placing Agreements
“Warrant Issue Price”	HK\$0.02 per Warrant to be issued pursuant to the Warrant Placing Agreements
“Warrant Placing”	a private placing of the Warrants at the Warrant Issue Price pursuant to the Warrant Placing Agreements
“Warrant Placing Agreements”	collectively, the First Placing Agreement and the Second Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Oriental Watch Holdings Limited
Yeung Ming Bui
Chairman

Hong Kong, 11 June 2007

As at the date of this announcement, the executive Directors are Mr. Yeung Ming Bui, Mr. Yeung Him Kit, Dennis, Mr. Fung Kwong Yiu, Ms. 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. So Kai Lau, Peter.

Please also refer to the published version of this announcement in The Standard.