



Oriental Watch (398 HK)

Blue chip Chinese Rolex dealer at 8x P/E and 50% net cash/market cap



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Summary (as of 12 October 2025)



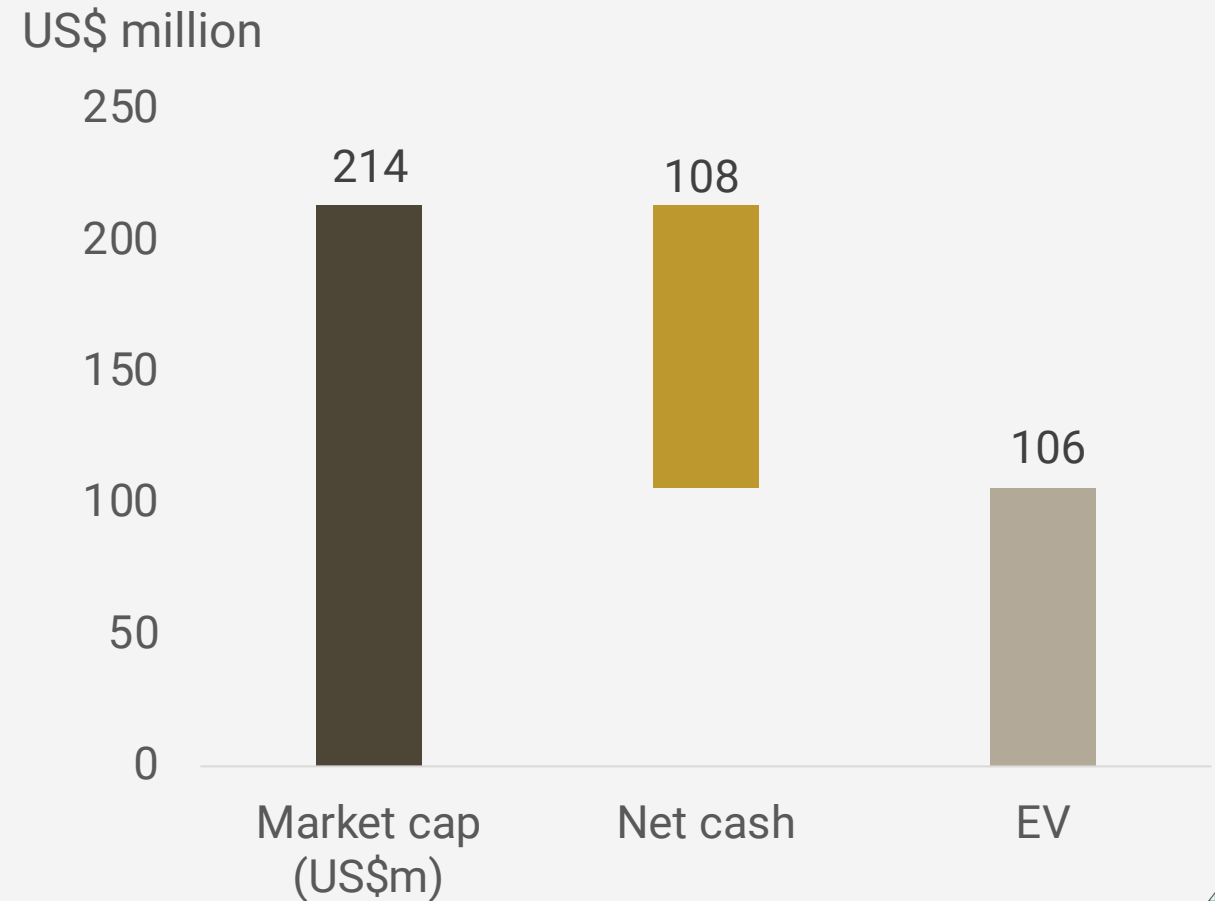
- Oriental Watch is the most blue chip of any publicly listed watch retailer in Hong Kong. It was founded in 1961 by Hong Kong native Ming Biu Yeung, and soon became the first and only authorized dealer for Rolex and Tudor watches in China. While Ming Bin Yeung has now passed away, the control of the business remains in the family.
- The company sells a variety of luxury wristwatches, but Rolex is said to represent roughly 90% of revenues, with Patek Philippe another few percentage points. So it can be seen as a bet on Rolex in Mainland China, where Oriental Watch now gets about 76% of its revenues from, with the rest mostly from Hong Kong. Rolex watches are incredibly sought-after, with a similar brand cachet as Hermès. And that reputation benefits Oriental Watch in various ways, including strong bargaining power since it decides on the allocation of Rolex watches to its customers. To qualify for the ability to buy the most popular Rolex sports models, customers buy lesser Tudor and entry-level Rolex watches and will eventually see Oriental Watch return the favour.
- The luxury wristwatch industry moves in cycles. Oriental Watch had close to 100 stores by the early 2010s, but had to close many of them after Xi Jinping's anti-corruption campaign from 2010 forward, as businessmen and government officials suddenly became cautious about wearing watches publicly. The Apple Watch has not had a major effect on luxury wristwatches, as Rolex watches are in a different price category altogether. There was a boom in the demand for luxury wristwatches during COVID-19, thanks to lower spending on alternative products and services. But that boom is now over, and Oriental Watch's margins have steadily declined since FY2022.
- Since mid-2025, alternative data sources have turned positive. There's been a significant increase in Google search queries for "Rolex" globally. But I personally do not think this is a forceful turnaround for the industry. It most likely reflects a fear that the 39% US tariffs on Swiss imports will be imposed soon, with buyers scrambling to get a hold of watches today rather than tomorrow. Swiss watch exports to China and Hong Kong remain weak, and while higher prices will support margins in the short run, I don't see a sustained improvement anytime soon.
- On the positive side, Oriental Watch has been incredibly generous to its minority shareholders. Director remuneration is high at 2.6% of revenues, but the dividend payout ratio is close to 100%. And in 2020, the company bought back 14% of the share count - a move that was well-timed, and also highly unusual in for publicly listed companies in Hong Kong. The near-term P/E is about 8x. But as I expect watch sales to remain subdued, I believe that margins will continue to compress, and the P/E to end up around 10x with a 10% dividend yield.
- The longer-term risk is if Rolex takes over distribution of their own watches, as it already has in Europe through the acquisition of Bucherer. That company has now opened a store in Shanghai, in direct competition with Oriental Watch. On the other hand, Oriental Watch just became a Certified Pre-Owned watch dealer for Rolex, suggesting continued tight partnership. Nothing is certain, of course, but I believe that Oriental Watch will remain a Rolex dealer for the foreseeable future.

Capitalization



- Share price: HK\$3.41
- Shares outstanding: 487 million
- Market cap: US\$214 million
- Net cash: US\$108 million
- Enterprise value: US\$106 million

- Average daily trading volume: US\$412,000

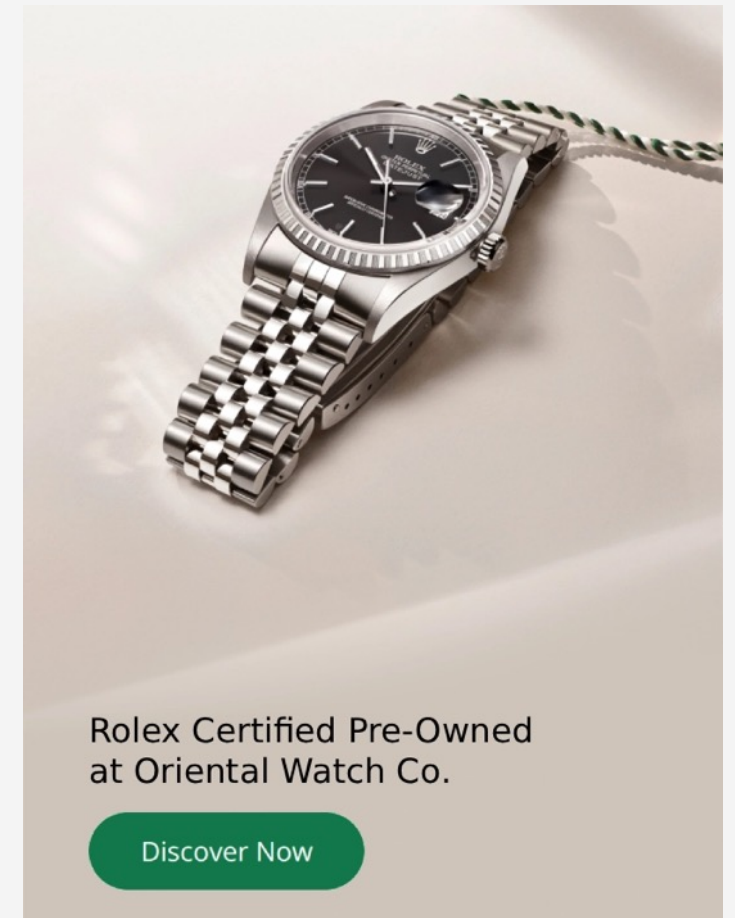


* HK\$ = Hong Kong Dollar. HKD/USD = 7.78

Business overview



- Oriental Watch (東方表行) is one of the larger luxury wristwatch retailers in Hong Kong, Macau and Mainland China. It has 41 stores across the region, most in prime shopping districts under several brand names: "Oriental Watch Company", "La Suisse Watch Company", "Rolex and Tudor Boutique", etc. While the company started in Hong Kong, it's main exposure is now to Mainland China, and that's where it's making most of its profits.
- Its key brand is Rolex, representing 90% of revenues. But it also sells almost 100 other brands, including Tudor, Bulgari, Breitling, Longines, TAG Heuer and several other luxury wristwatch brands.
- The company was started by the Yeung family. While the founder has just passed away, his son seems to be a safe pair of hands and the shareholder return policy has greatly improved under his watch.
- The luxury wristwatch market experienced boom conditions during COVID-19 and then a slump from 2021 until today. But alternative data, including prices for luxury wristwatches in the secondary market, suggests that the market is finally turning for the better.



Oriental Watch started as a Hong Kong watch retailer, but has now expanded to Mainland China



- Oriental Watch was founded in **1961** by Ming Biu Yeung and several partners. Its first shop was the “Oriental Watch Company” branded watch store on Des Voeux Road Central.
- In **1973**, it acquired La Suisse Watch Company with two stores in Mong Kok and Causeway Bay. Through this company, it also acquired the distribution rights of a number of international watch brands, including Rolex and Tudor.
- Oriental Watch became the first watch retailer in **1993** to become a publicly listed company with the ticker 398 HK. It issued primary shares, raising capital for an expansion.
- From **2004**, Oriental Watch has expanded into Mainland China, then Macau in **2006** and Taiwan in **2016**.
- In **2019**, Oriental Watch completed new flagship store on 50 Queen’s Road Central, just a stone’s throw away from IFC/Central. It sells Rolex and Tudor watches.
- In **2020**, the company invested in after-sales infrastructure, helping clients take care of old watches and offer lifetime client servicing. That should lead to greater stability in revenues and earnings.
- Founder Ming-Biu Yeung passed away in early **2021**, and his son Dennis Yeung Him-Kit has now taken over as Chairman and CEO. That same year, Oriental Watch ceased to be a wholesaler for Rolex, with Rolex itself taking over that role.
- In **2024**, Oriental Watch has expanded a bit from its traditional Rolex and Tudor business towards new, popular brands such as H Moser and Grand Seiko.



Oriental Watch Co on Des Voeux Road, 1961

Current Chairman and CEO Dennis Him Kit Yeung has been with Oriental since 2021 and seems to care for others



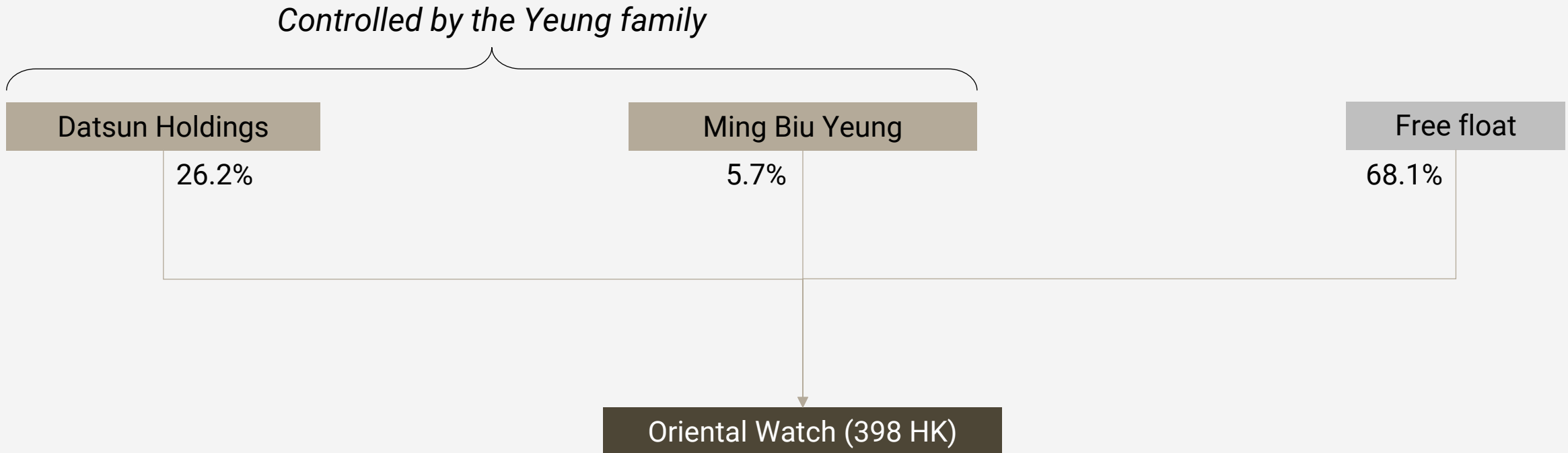
- Current Chairman and CEO Dennis Him Kit Yeung joined Oriental Watch in 1993 and has been in charge since his father's passing in 2021. He's involved in the day-to-day management of the business, though stepped down from the Nomination Committee Chairmanship in 2025.
- He has a bachelor's degree in commerce from the University of Toronto, Canada.
- His sister Shirley Man Yee Yeung is also involved in the business, and has a diploma in business studies and in watch & jewellery management.
- Dennis seems honest: in 2019 he said that the *"outlook has turned from positive to cautious"*. In hindsight, this was exactly the right guidance to give at the time. He seems to set high standards for himself in terms of helping others:

*"Regardless of background, age, hobby or profession, every man is born with the quality of being a gentleman. It lies in his **devotion to work, self-respect, appreciation for others, commitment, grit and care for his family and friends.**"*



"If I could only own one watch, it would be my Rolex rose gold leather strap Sky-Dweller." – Dennis Yeung

The Yeung family controls a total of 32% of Oriental Watch

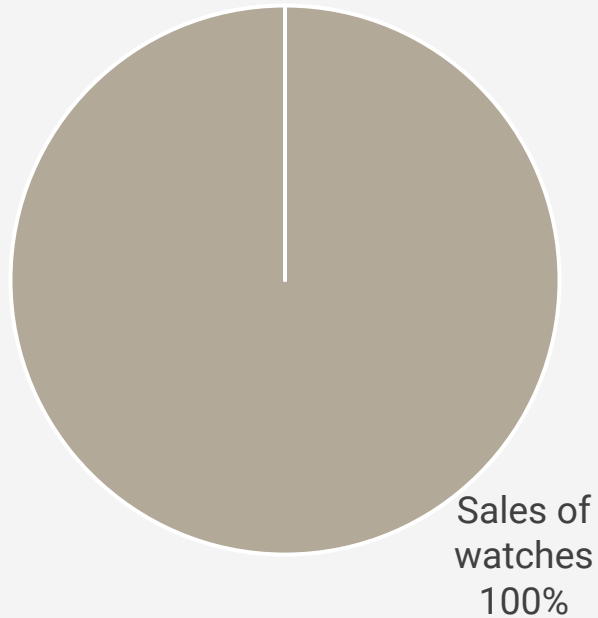


Source: Annual report FY2025

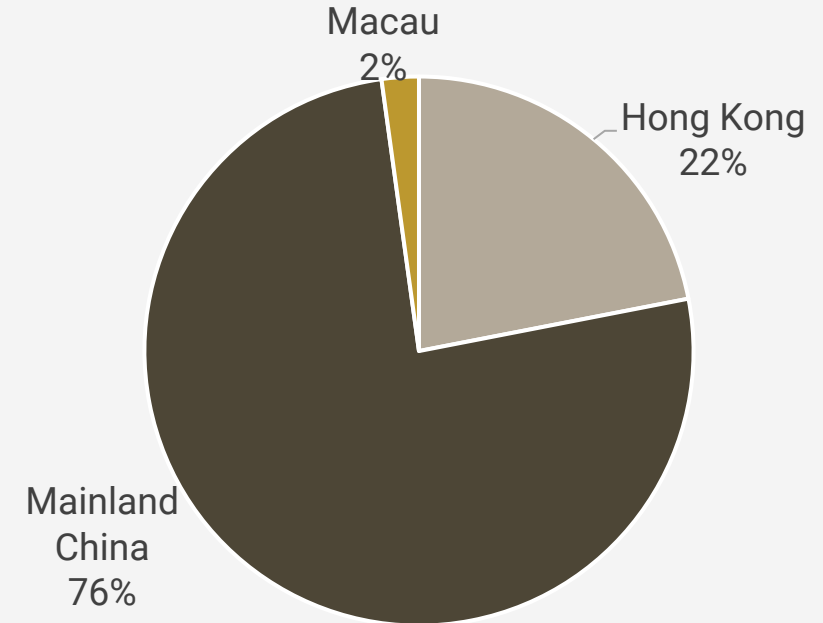
Oriental Watch sells luxury wristwatches in Greater China



Revenue by product



Revenue by geography

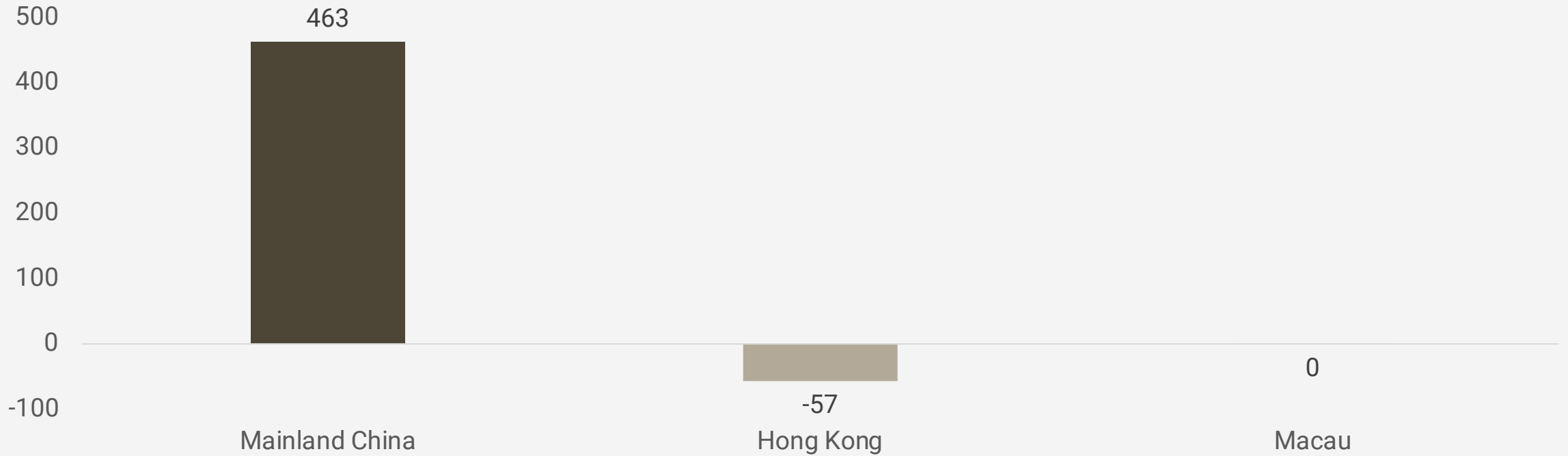


Source: Annual report FY2025

But in reality, the Chinese business is profitable while HK is not



Oriental Watch operating profit (HK\$m)



Source: Annual report FY2025

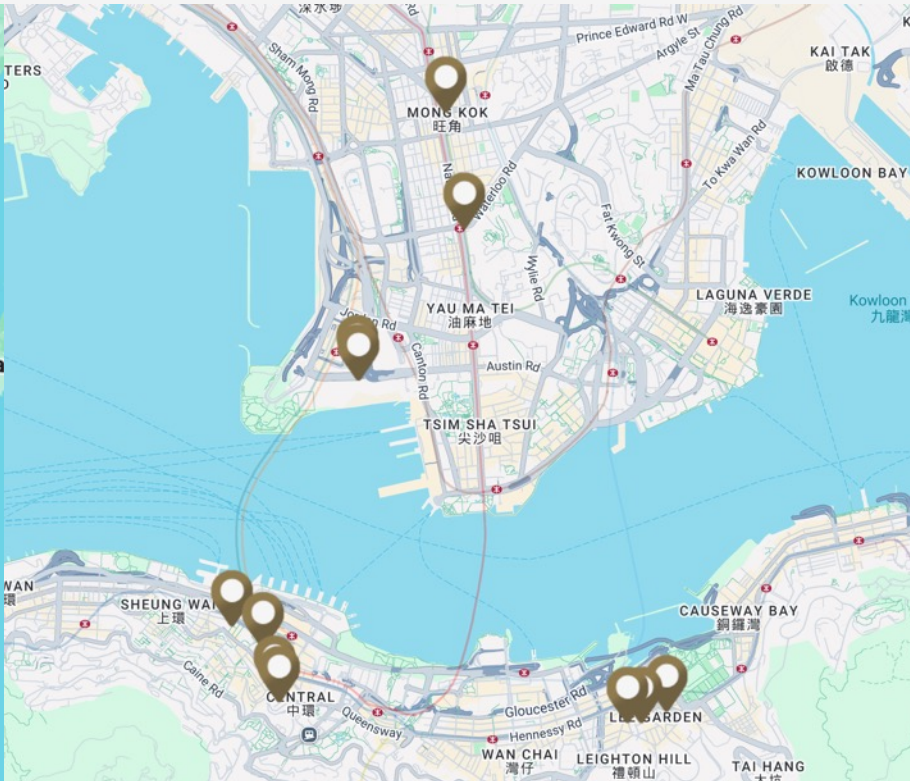
Oriental Watch runs 50 stores across Greater China, plus another two stores under a JV format (Yung Hsin Watch) in Taipei, Taiwan



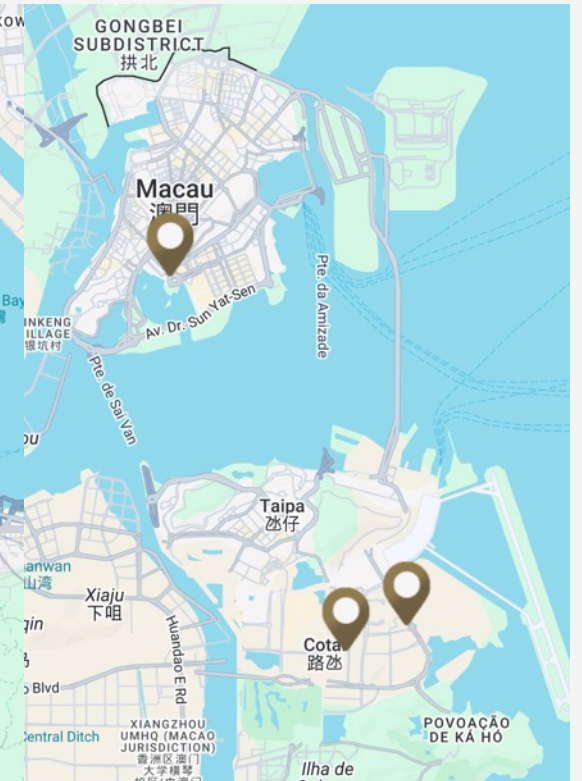
Mainland China (36 stores)



Hong Kong (11 stores)



Macau (3 stores)



The outside of several Oriental Watch's stores



The inside of two Oriental Watch's stores



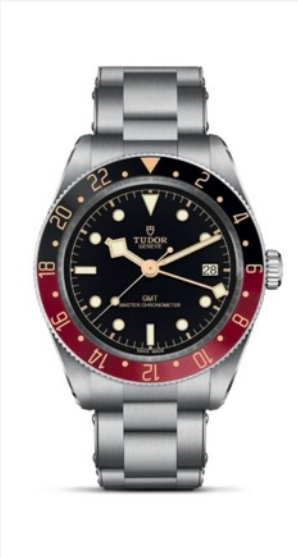
The peculiarities of running an authorized dealer for Rolex



- Since the demand for Rolex watches is high, you cannot just go into a store and buy one. That's only possible for the cheaper, less popular models.
- Instead, customers will be asked to put their names on waiting lists managed by Oriental Watch itself. These lists are not shared with Rolex.
- To become an authorized dealer, companies must meet Rolex's requirements for store location, interior design, staff service quality etc. Rolex must approve every new store.
- Rolex decides how to allocate its production to its global retail partners. The retailers get deliveries weekly, and the formula apparently includes how many stores a retailer operates.
- Those who have a long purchase history with Oriental Watch will have a higher chance of getting access to sought-after models such as the Daytona or GMT Master II.
- That means that existing customers have strong incentives to keep buying from Oriental Watch, and not from other authorized- or grey market dealers.



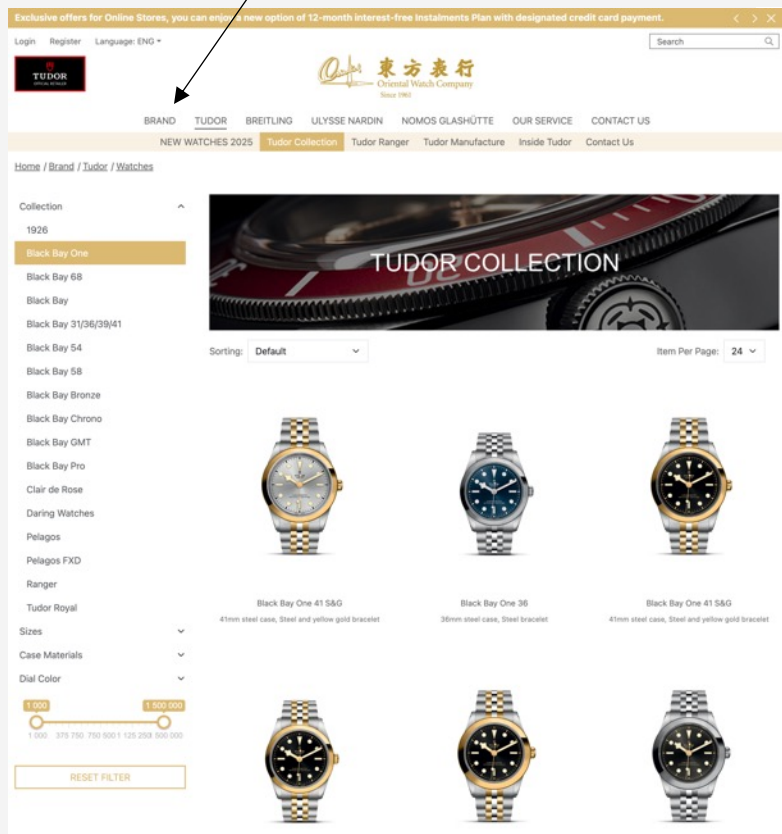
Some of the brands sold by Oriental Watch



The Oriental Watch e-commerce website: through WeChat on the Mainland and on onlinestore.orientalwatch.com in Hong Kong



Only five brands available: Tudor, Breitling, Ulysse Nardin, Nomos and Romago



TUDOR BLACK BAY ONE 36

M79640-0002

The Black Bay One brings a more classic feel to the Black Bay models. Like other models in the Black Bay line, it features a dial inspired by the TUDOR divers' watches produced during the 1950s. The essence of this contemporary model lies in its ultimate simplicity.

ENQUIRY

♡ ADD TO WISHLIST

Tags: Black Bay One Tudor Coloured Dial Mid-size 35 to 39mm Steel

Share Item:   

Can only send “enquiries” through the website, then pick up in store

Oriental Watch's 2021 "Take Your Time" advertisement campaign





Oriental Watch's income statement is straightforward

- The company's **revenue** come entirely from the sales of watches. Revenue is recognized when the control of the items has been transferred and payment is done immediately, leading to low receivable days.
- Inventories are valued at the lower of cost and net realizable value. This means that the **cost of goods sold** is determined by secondary watch prices. If prices rise, then the historical cost will be used and margins go up. If prices fall, then there will be inventory impairment losses.
- **Other income** comprises government subsidies and interest income from bank deposits
- The modest **gains and losses** come primarily from gains or losses from early lease terminations or modifications.
- The biggest costs in **SG&A** are staff salaries, director remuneration and lease costs.
- The **income from associates** is primarily from Taiwan, where it has a 45% shareholding of a joint venture.

		Notes 附註	2025 二零二五年 HK\$'000 千港元
Revenue	收益	5	3,449,857
Cost of goods sold	銷貨成本		(2,364,120)
Gross profit	毛利		1,085,737
Other income	其他收入	6	57,415
Other gains and losses	其他收益及虧損	7	3,731
Reversal of impairment losses (impairment losses recognised) under expected credit loss ("ECL") model, net	預期信貸虧損模式下減值虧損撥回(確認減值虧損)淨額		
— trade receivables	— 貿易應收賬款		3,077
Impairment losses recognised on property, plant and equipment and right-of-use assets	就物業、機器及設備及使用權資產確認的減值虧損		(25,403)
Distribution and selling expenses	分銷及銷售開支		
— Expenses related to leases	— 租賃之相關開支	15	(201,345)
— Other distribution and selling expenses	— 其他分銷及銷售開支		(363,007)
Administrative expenses	行政開支		(233,664)
Finance costs	融資成本	8	(11,768)
Share of results of associates	應佔聯營公司之業績		21,957
Share of results of joint ventures	應佔合營公司之業績		(175)
Profit before taxation	除稅前溢利	9	336,555
Income tax expense	所得稅開支	11	(136,064)
Profit for the year	年內溢利		200,491

Competitive advantages



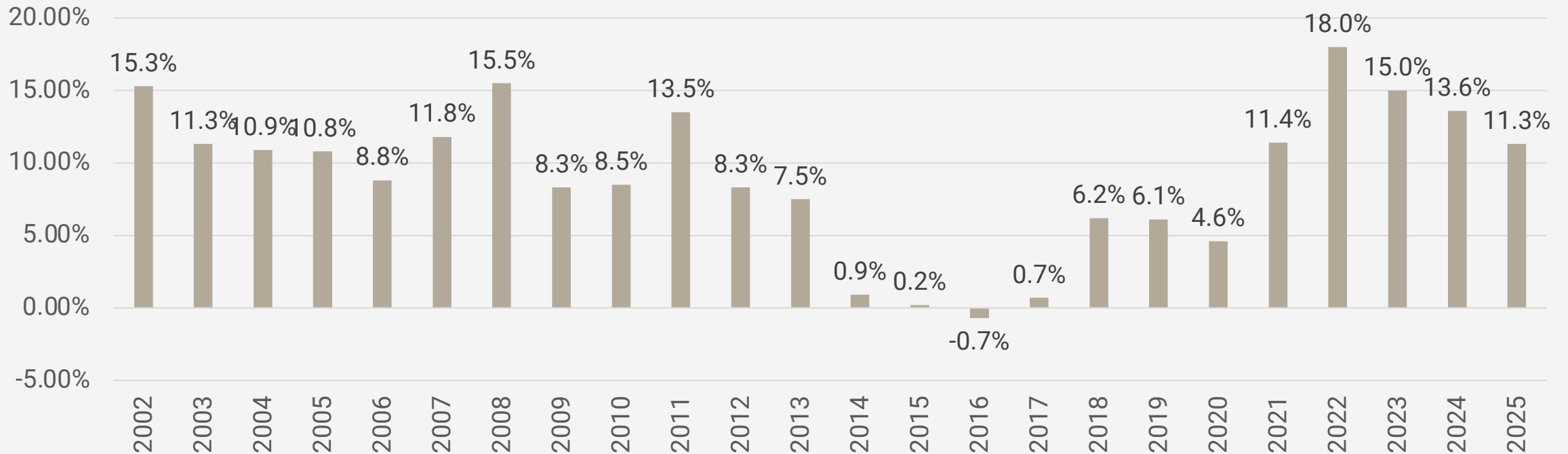
- **Rolex connection:** While Oriental Watch dealership network is not exclusive, it's closely connected to Rolex. In fact, Oriental Watch's subsidiary La Suisse Watch Company was Rolex's first partner in China in the 1960s. The supply of Rolex watches is managed to avoid excessive competition and brand-destructive discounting. That means that Oriental Watch almost has a license to print money. Its strong reputation in the eyes of Rolex is also evidenced by the fact that it's been chosen to offer Certified Pre-Owned (CPO) Rolex watches to its customers from 2024 onwards.
- **The Oriental Watch brand name:** Within Hong Kong, Oriental Watch is known as one of the watch shops with a decent history, together with Emperor and Chow Tai Fook. That said, Rolex might be pushing their ADs to become exclusive, and use their brand instead of "Oriental Watch".



Oriental Watch's ROIC is decent, but the return on equity has been weighed down by excess cash on the balance sheet



Return on equity



Source: TIKR

Customer reviews seem okay, typical well-managed watch shops



50 Queen's Road, Hong Kong (4.0/5)



- *"I have spent around 1 hour at the store and the sales team was great! Especially Alfred is so friendly and professional"*
- *"Great service, welcoming staff that are knowledgeable and have a great attitude."*
- *"Today i visited Oriental Watch in Queens Road Central Hong Kong and inquired about H.Moser & Cie watches. Eric Tsang was extremely knowledgeable about this brand"*
- *They service many brands. Your alternative to the pricey in-house brand service.*
- *"After visiting this branch a few times, today finally we had those moments which makes you question the existence of the store... Completely unprofessional and lack of courtesy."*

Hysan Place, Hong Kong (4.6/5)



- *"Had a superb experience with Danis and his colleague that attended to us. He is passionate and knowledgeable in watches"*
- *"Very good experience and solid staff, including the sales lady that let me try a few watches."*
- *"Great customer service. Very friendly and professional managers. Bobo was very helpful, with a sense of humour and strong customer focus!"*
- *Great experience at this store! The staff provided helpful, friendly service and met all my needs. Highly recommend!"*
- *"The best shopping experience had ever experienced. Thank you very much Chris!"*

555 Nathan Road (3.5/5)

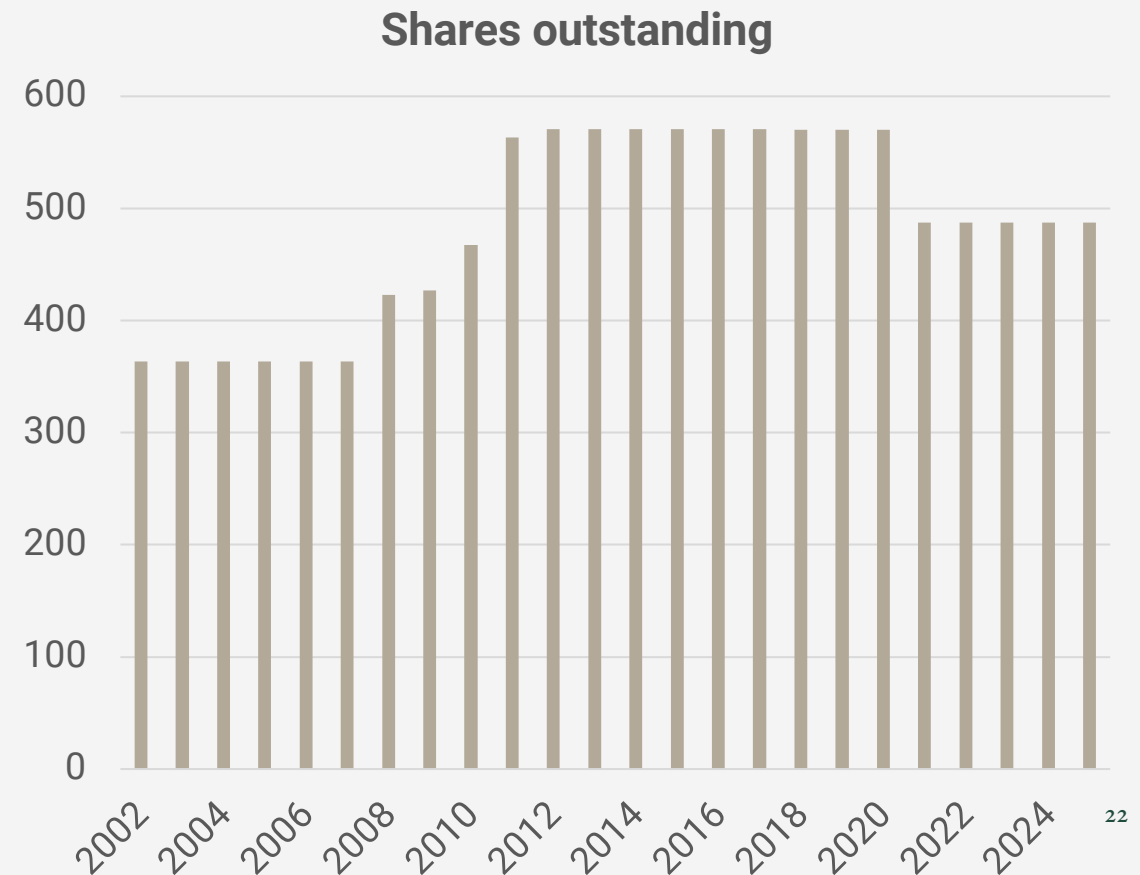


- *"Visited on 4/7/25. SA Ms Joyce gave very thorough advice, and had provided good service. Will definitely return again."*
- *"A bunch of crooks runs the show here. They sold me a defective Nomos watch and 8 months after repeated requests they were unable to fix it."*
- *"It is spacious with a variety of brands, ranging from the lower-tier brands like Certina and Oris up to higher ones like Rolex. Service is very good."*
- *"Was going to come shopping here but after reading the Nomos review decided not to. Can't risk spending money if they don't take care of their customers."*
- *Oriental Watch Shop has been famous for a long time. The store is spacious and easy to visit*

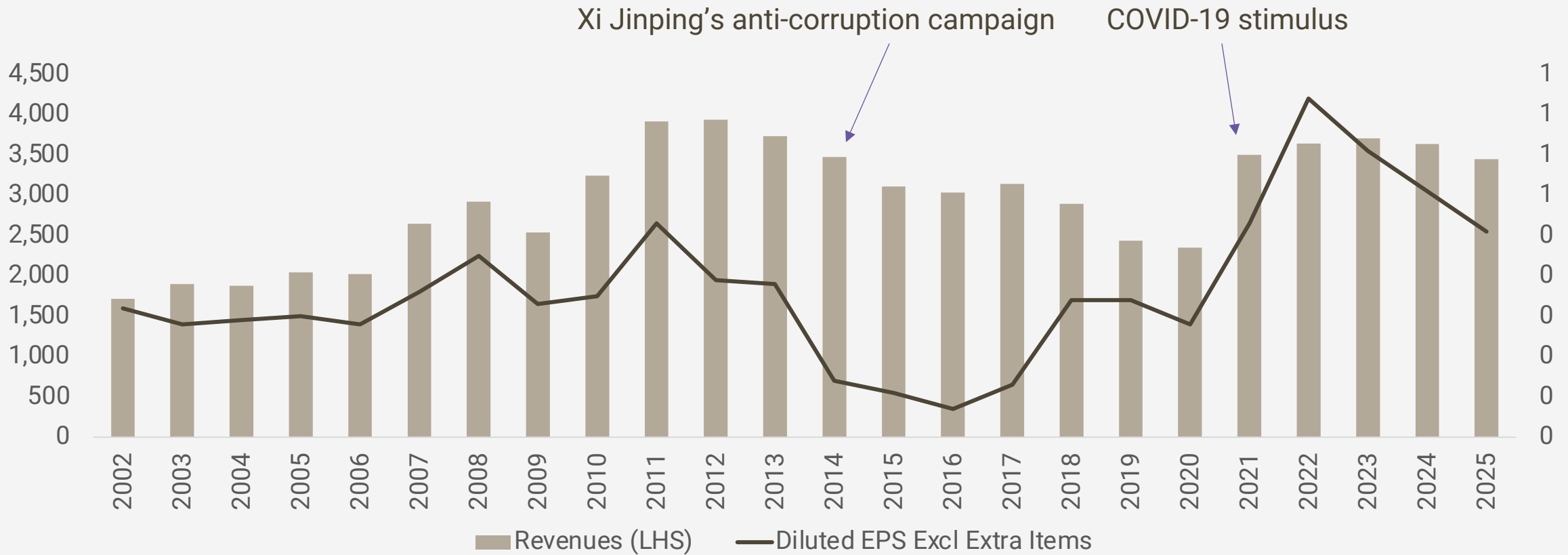
Corporate governance and capital allocation



- The share count has been mostly stable, with some exceptions:
 - In 2007, Oriental Watch issued a private placement of 39 million shares and 6 million warrants. These were eventually exercised through 2010. It's not clear who the counterparties were, though the annual report stated they were to "*professional and institutional investors*" at a 18% discount to the latest price.
 - In 2011, there was a 1-for-5 bonus issue causing the share count to rise but value to remain the same.
 - In 2020, Oriental Watch repurchased 83 million shares from the market (14.6% of S/O) at HK\$3.0/share, a massive premium to the latest traded price.
- In 2012, Oriental Watch sold a building on Des Voeux Road for HK\$87 million. The money ended up as idle cash.
- The six-person board has three independent directors and three insiders, i.e. decent representation. There's an overlap with controversial property developer Cheuk Nang through independent director Harold Dai Hoe Sun.
- The company has historically accumulated excessive cash on its balance sheet, but the dividend policy has greatly improved under Dennis Yeung.



The company's earnings have been flattish the past 15 years, but in the face of immense headwinds in the form of XJP's anti-corruption campaign

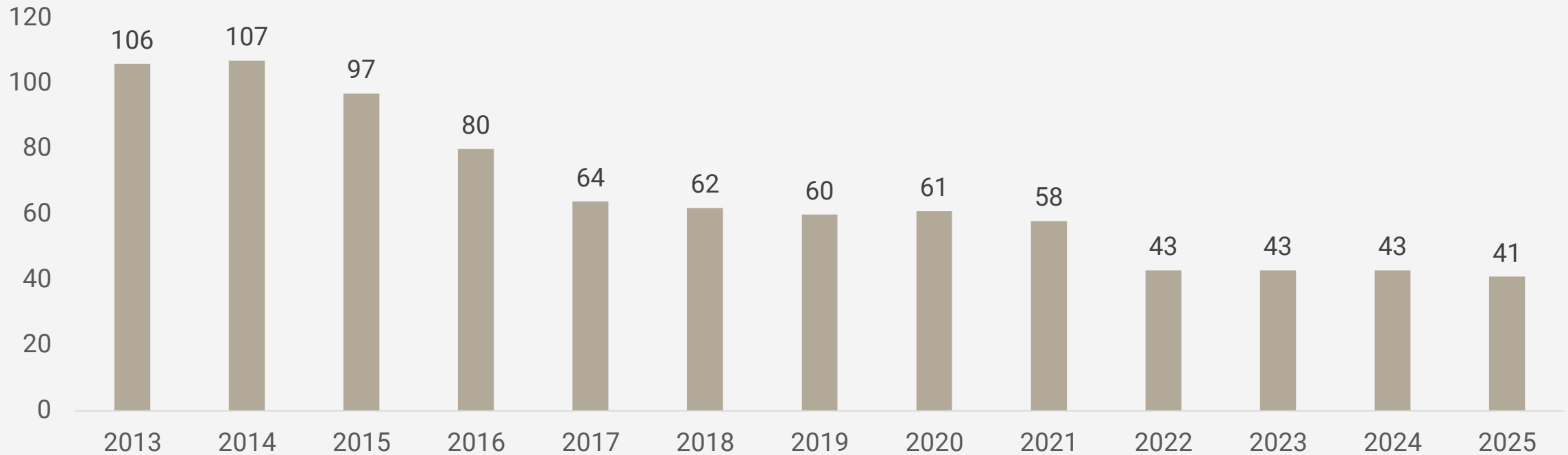


Source: TIKR

Since the anti-corruption campaign, Oriental Watch has steadily streamlined its business through a lower store count



Oriental Watch's store count

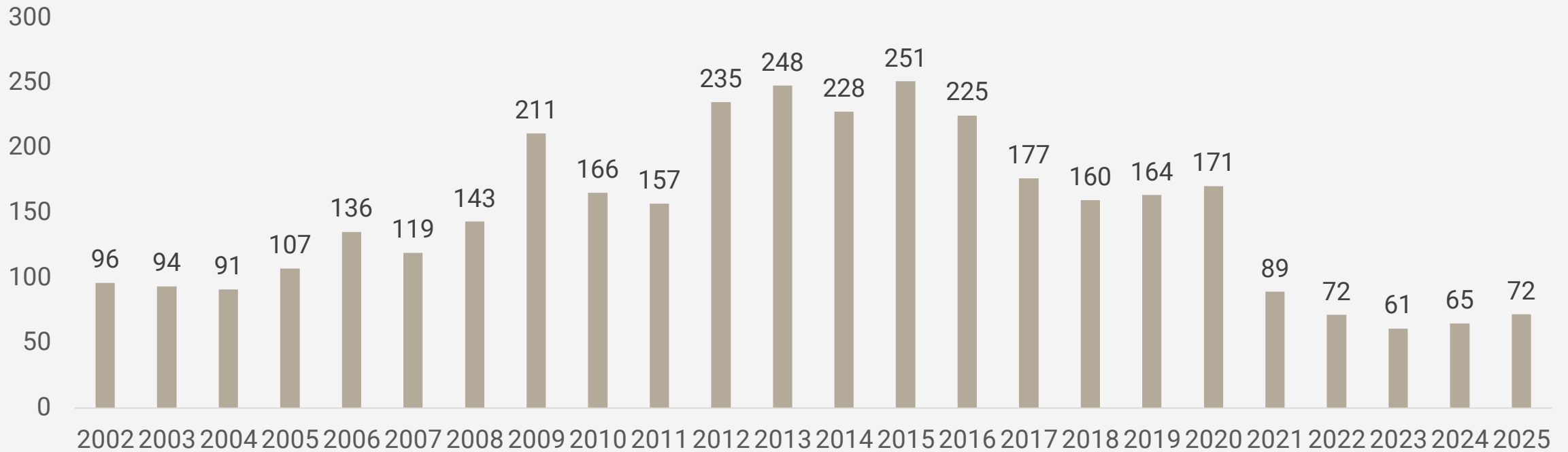


Source: Smartkarma

Oriental Watched implemented new inventory management techniques in 2018, only replenishing inventory after certain levels



Oriental watch inventory days



Source: TIKR

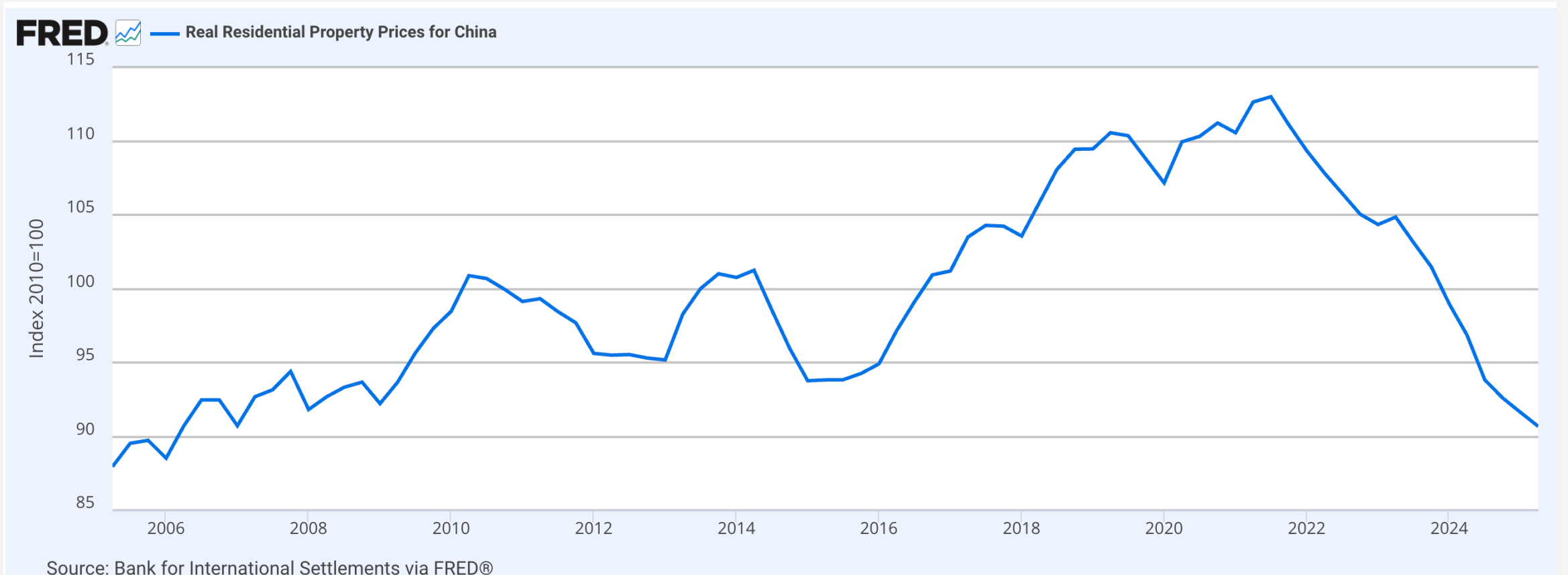
Industry and regulatory backdrop



1. **China's anti-corruption efforts:** After Xi Jinping took over as General Secretary of the Chinese Communist Party in 2012, he undertook an anti-corruption campaign that killed the demand for luxury wristwatches through the mid-2010s.
2. **The daigou crackdown:** From 2019, the Chinese border police has become way more strict with smuggling of products from zero-GST region Hong Kong to Mainland China (13% VAT). Since then, watch buying has shifted from HK to Mainland China, hurting the former and benefitting the latter. Rolex are partly used to funnel money out of China.
3. **COVID-19:** Then came the COVID-19 stimulus-fueled wristwatch boom, which last until 2021, and was followed by slow decline. While Rolex ADs did not directly benefit from higher second-hand market prices, customers bought Tudors and lesser watches to qualify for a spot on coveted Rolex waitlists, pushing up AD's overall sales and margins.
4. **Return to mechanical watches:** Google search query interest in Apple Watches has flat-lined from 2021 onwards. And many men have switched back to luxury wristwatches, with Rolex being the most sought-after brand of them all. Lower volumes but higher ASP.
5. **Negative wealth effect:** China's property prices started declining from 2021 onwards. That may have contributed to the current weakness in demand for luxury goods.
6. **Yen weakness:** The weak Japanese Yen has led to a surge in interest for Grand Seiko watches, as they have almost halved in price. So the wallet share of Swiss watches has arguably declined.



Chinese property prices are still falling

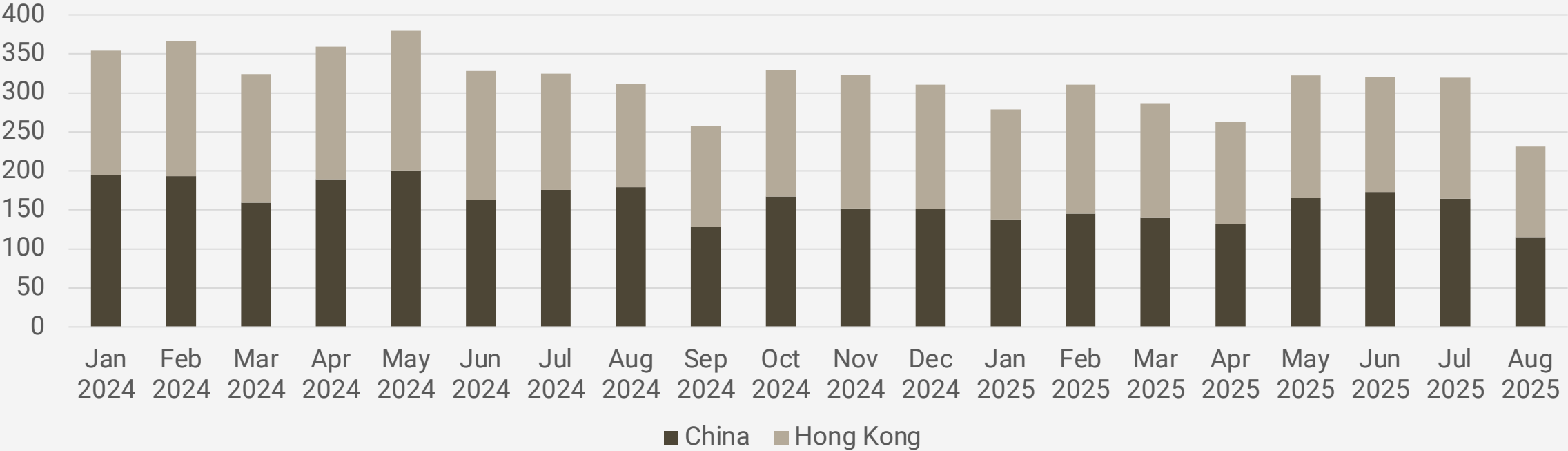


Source: FRED

Swiss watch exports to China continue to decline, but perhaps due to weaker Rolex allocations

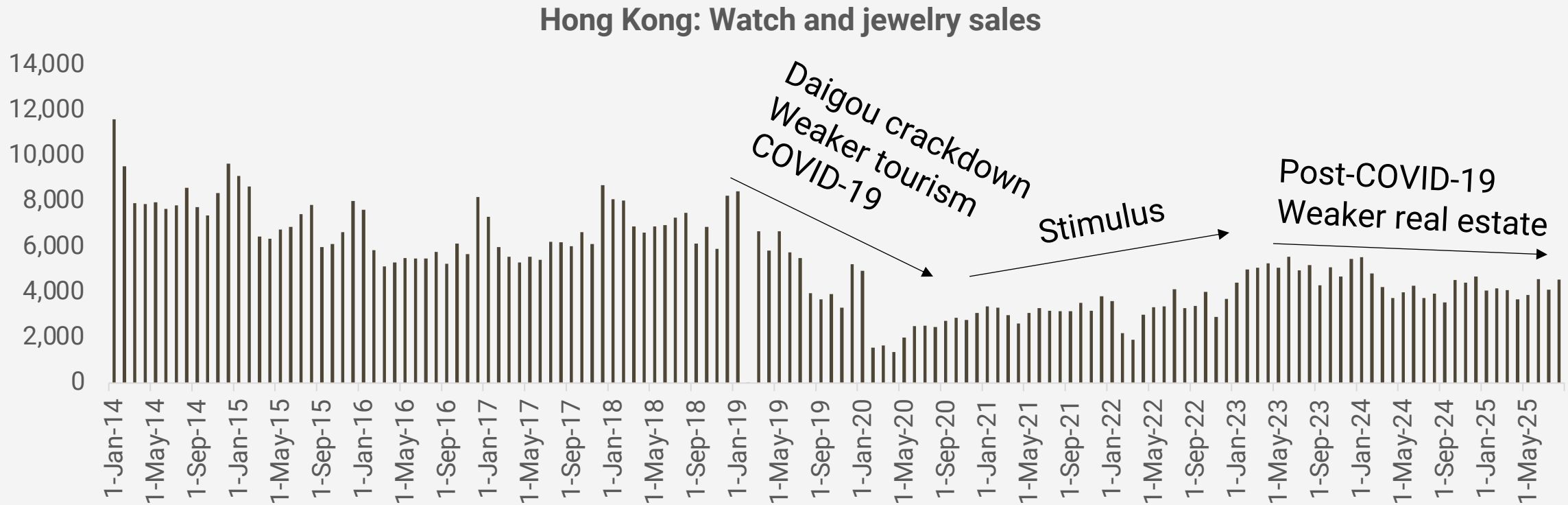


Swiss watch exports



Source: Federation of the Swiss Watch Industry (FH)

Hong Kong watch and jewelry sales is still low vs pre-COVID-19



Source: Hong Kong Census and Statistics Department

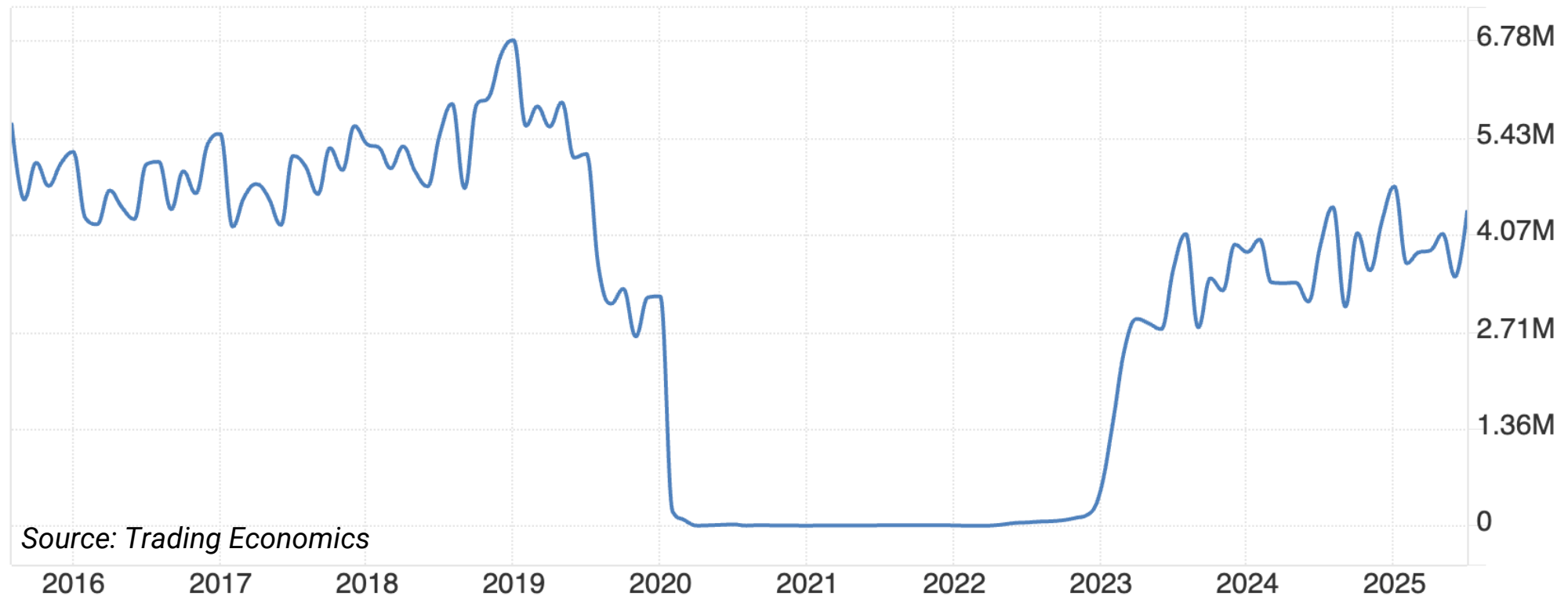
Chinese tourism to Hong Kong has recovered quite nicely, but since 2019, smuggling into Mainland China is no longer there



Hong Kong Visitor Arrivals

Summary

Download ▼



Source: Trading Economics



The share price has declined from 2022, but not much



Source: TIKR

What is going to change in the coming years?



1. **US tariffs:** The interest in Rolex and other luxury wristwatches has clearly shifted higher in the past few months. But I believe it's mostly driven by the announcement of 39% US tariffs on Swiss watch imports, causing many customers to panic buy. That explains why we've seen a spike in 2nd hand watch prices through October.
2. **Secular decline in Chinese watch demand:** No indication yet that Swiss watch exports to either Hong Kong or Mainland China has turned higher yet. Demand seems weak, perhaps due to a negative wealth effect from falling property prices.
3. **Rolex expansion program:** Rolex expanded movement production capacity at Bienne/Biel in 2024. The next major expansion will be in Bulle, due for completion in 2029. It will add +13% to Rolex's total workforce and add mid-teens capacity. In total, going from 1.0 million watches in 2020 to 1.6 million by 2029. These additional watches would add to Oriental Watch's allocations, all else equal.
4. **Vertical integration:** Rolex acquired retailer Bucherer in 2023. Its operations are mostly in Continental Europe, but they opened a Shanghai store in 2024. It's possible that Bucherer will take market share. Rolex seems to be cutting the number of ADs, eg King Fook in 2022. But Oriental Watch should be fine: it just became a Certified Pre-Owned (CPO) watch dealer, adding to earnings.



Rolex's new factory in Bulle, Switzerland

Oriental Watch's same-store sales has remained weak thru 2025



SSSG Oriental Watch

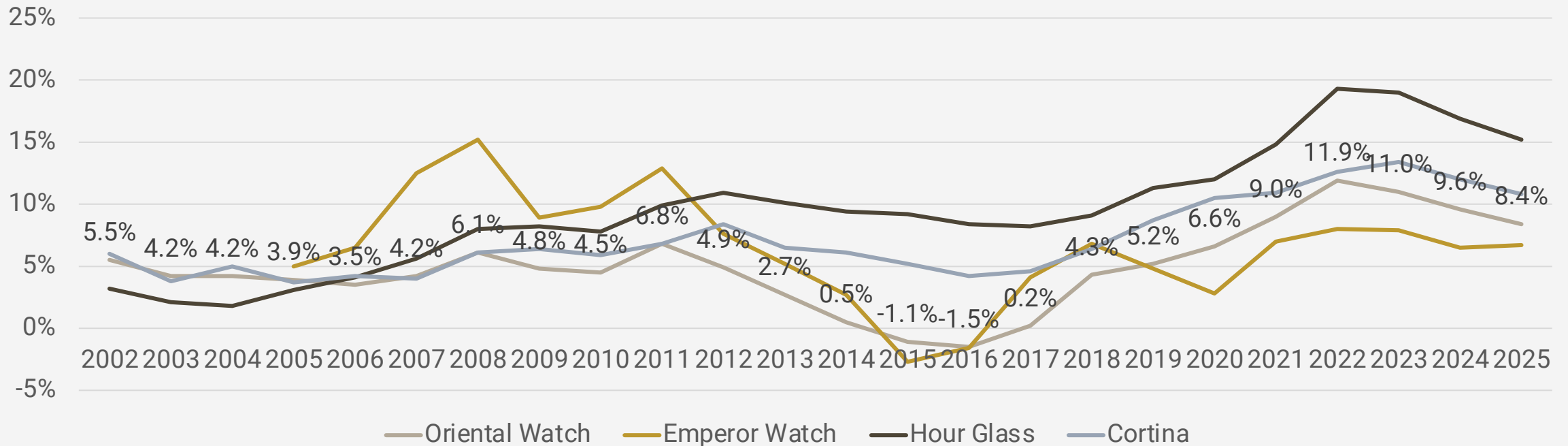


Source: Smartkarma

There might be some downside to Oriental Watch's margins.
Before Rolex became hot, they were closer to 5%.



Operating margins



Source: TIKR

Rolex: “The fruitful collaboration between Rolex and the other official retailers in its sales network will remain unchanged.”



ROLEX ACQUIRES BUCHERER

To preserve the long-standing partnership between the two companies and perpetuate their shared history, Rolex has decided to acquire Bucherer. The watch retailer will keep its name and continue to operate independently. Its integration into the Rolex group will be effective once the competition authorities have approved the takeover transaction.

Geneva, 24 August 2023 – Following the choice made by Jörg Bucherer, in the absence of direct descendants, to sell his company’s business, Rolex has decided to acquire the watch retailer, which was until now an independent entity. This move reflects the Geneva-based brand’s desire to perpetuate the success of Bucherer and preserve the close partnership ties that have linked both companies since 1924.

For more than 90 years, the two businesses have worked alongside one another and have each contributed to the other’s achievements and growth. Today, Rolex stands as one of the leaders of the Swiss luxury watchmaking sector. Bucherer has become an internationally renowned multibrand retailer, with stores located in Switzerland, the United States, England, Germany, France, Denmark and Austria.

Bucherer accounts for more than 100 sales outlets worldwide, of which 53 distribute the Rolex brand and 48 distribute the Tudor brand. The watch retailer is also an official after-sales service centre for both brands. Its watch servicing workshops employ watchmakers who have been trained by the company itself and are highly qualified.

The Rolex group is convinced that this acquisition is the best solution not only for its own brands but also for all the watch and jewellery partner brands, as well as for all the employees of the Bucherer group.

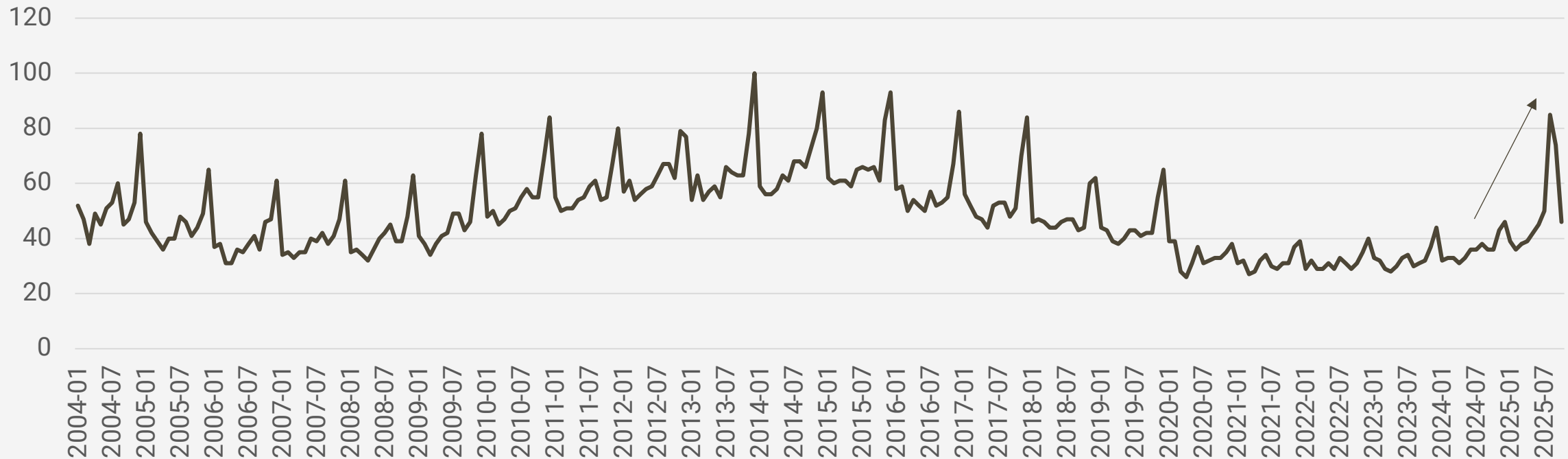
Bucherer will keep its name and continue to independently run its business. The Group’s management team will remain unchanged. Bucherer’s integration into the Rolex group will be effective once the competition authorities have approved the takeover transaction.

The fruitful collaboration between Rolex and the other official retailers in its sales network will remain unchanged.

There's a renewed interest in buying watches, perhaps driven by the imposition of US tariffs on Swiss watches

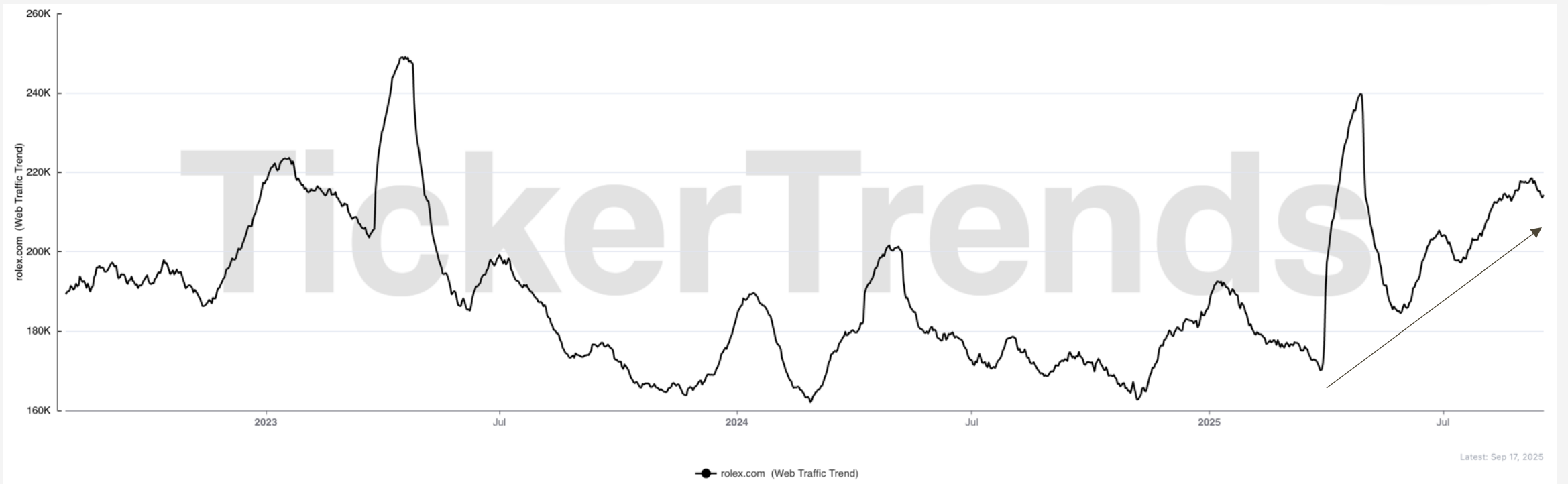


Buy watches: (Worldwide)



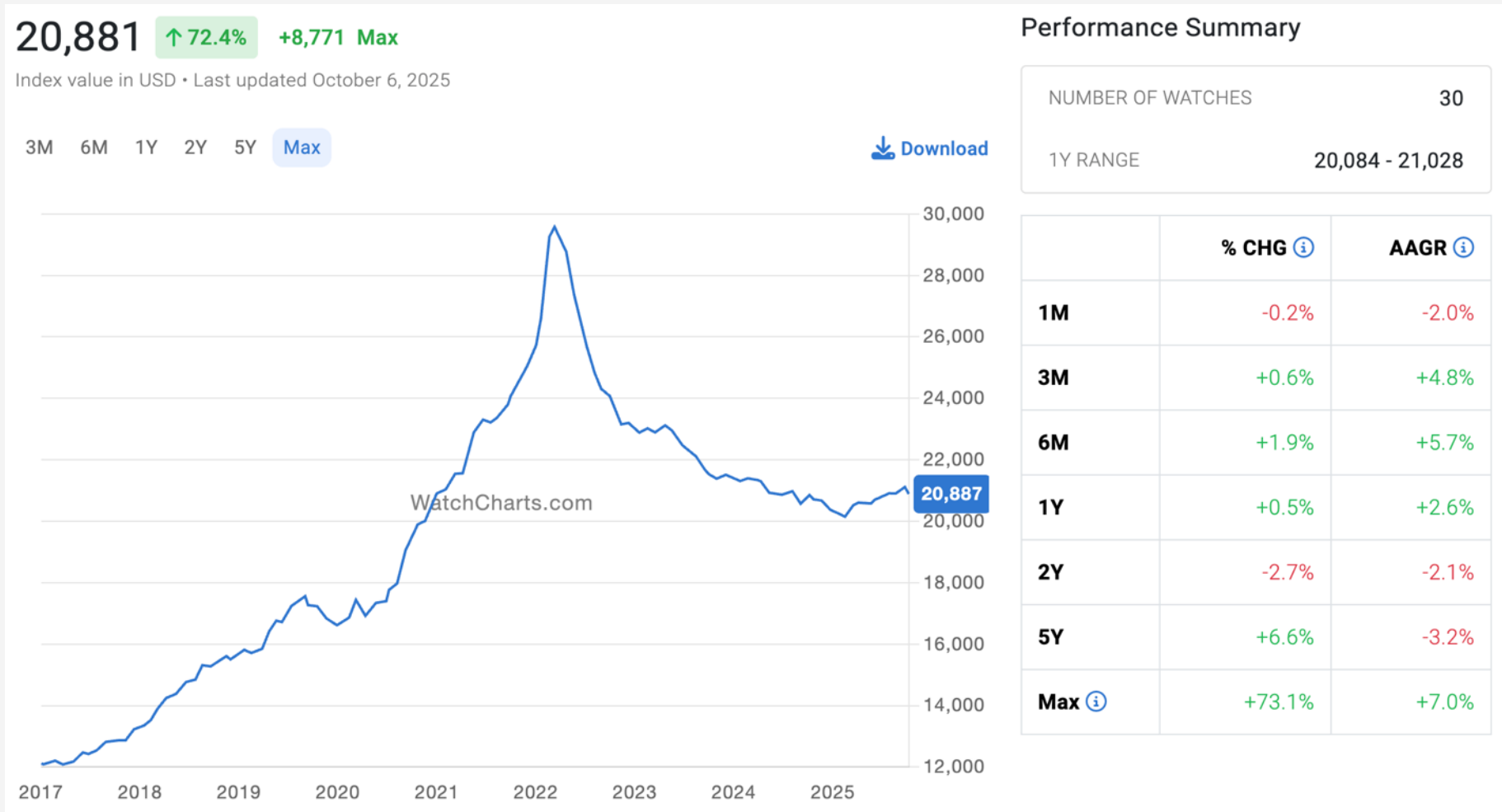
Source: Google Trends

Website traffic to Rolex.com reached the highest level since 2023



Source: TickerTrends, Similarweb

The WatchCharts Rolex Market Index has clearly turned

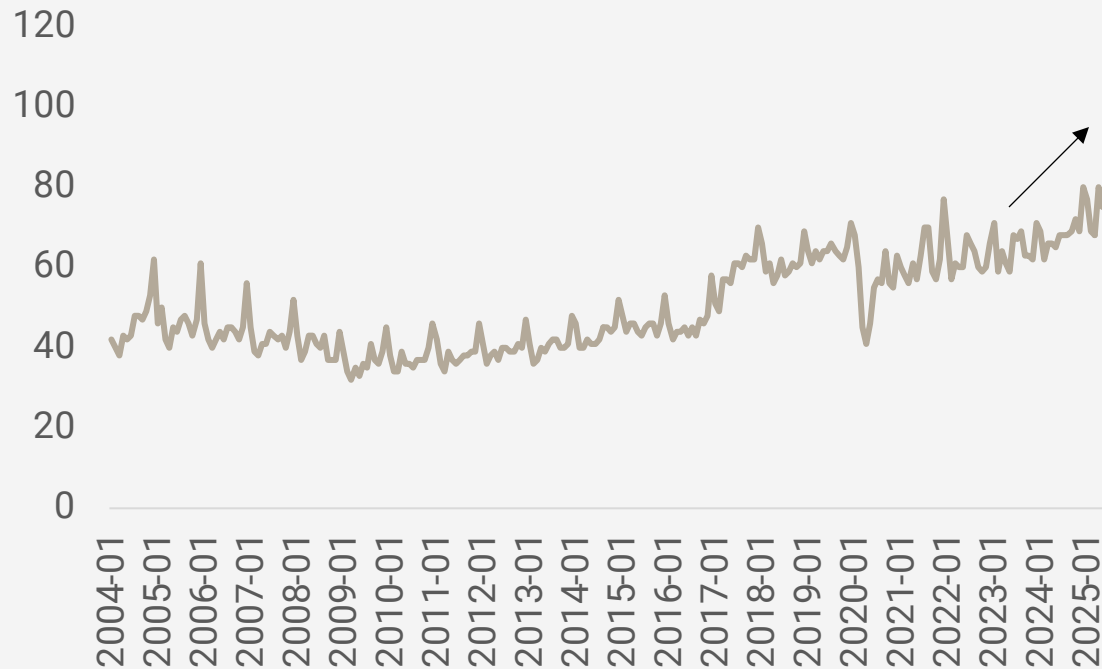


Source:
WatchCharts

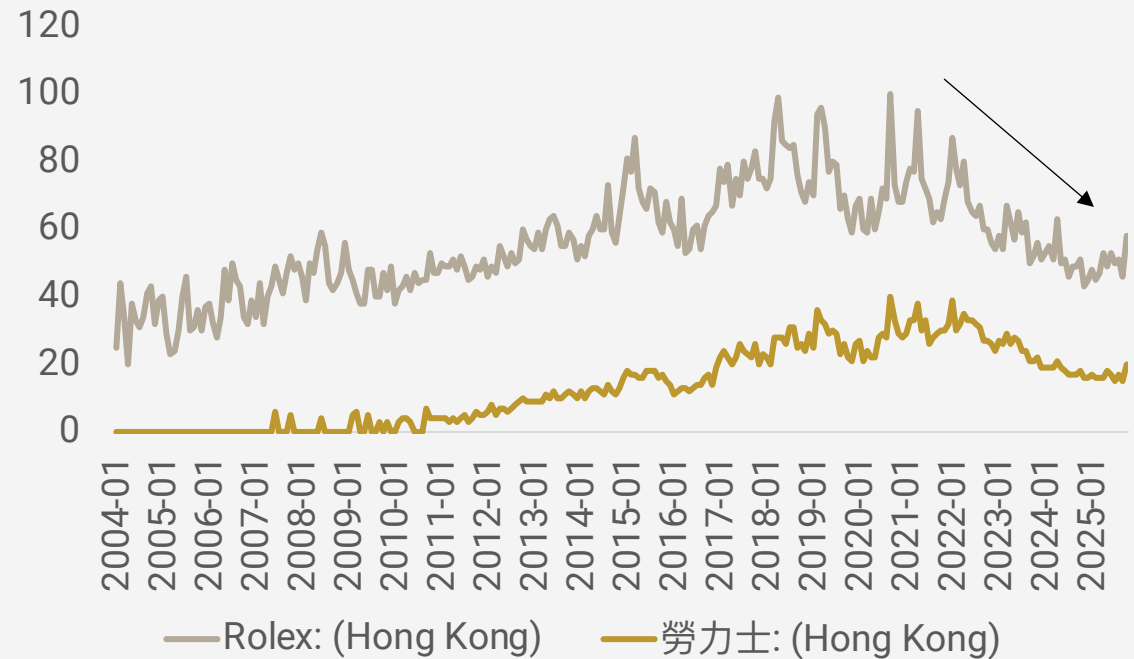
Google search queries for Rolex globally have spiked, though that's still not the case in Hong Kong



Rolex: (Worldwide)

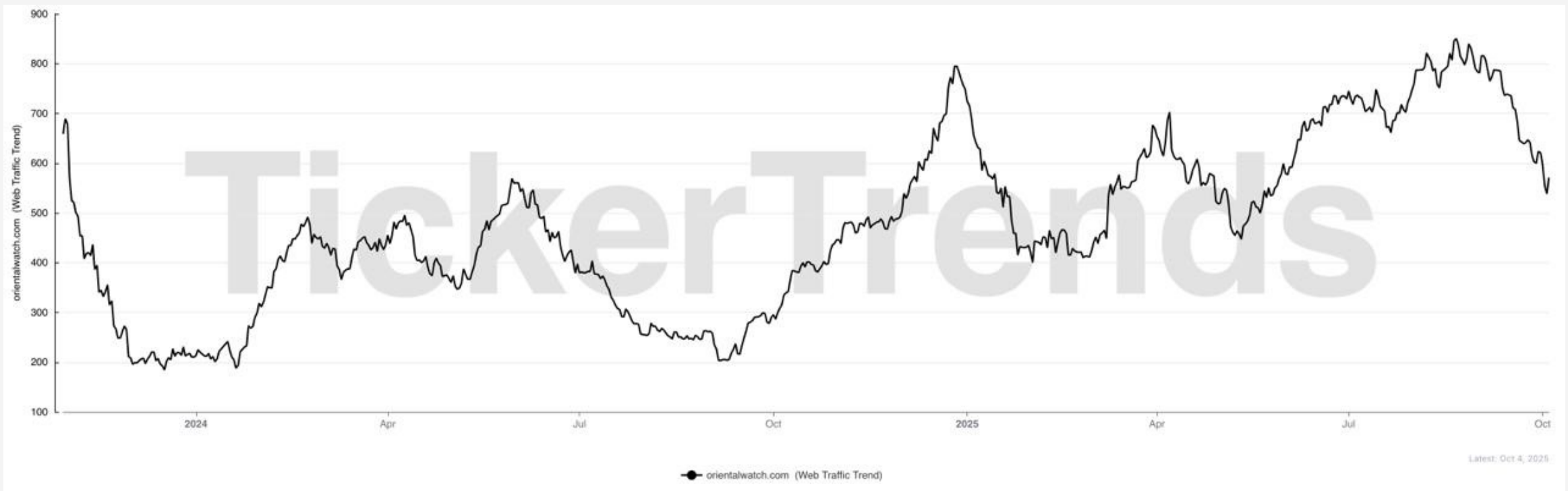


Rolex: (Hong Kong)



Source: Google Trends

Website traffic for Orientalwatch.com hit a peak in August 2025



Source: TickerTrends, Similarweb

Oriental Watch's P/E looks normal, but the dividend yield does exceed that of its peers, incl. Hour Glass/Cortina in Singapore



Watch retailers (LTM)	Ticker	Country	Mkt cap (US\$m)	EV/S	EV/EBIT	P/E	Div yield
Oriental Watch	398 HK	Hong Kong	214	0.36x	3.1x	7.0x	12.0%
Emperor Watch	887 HK	Hong Kong	284	0.26x	3.8x	8.0x	3.6%
Citychamp Watch & Jewellery	256 HK	Hong Kong	117	0.20x	1.8x	3.8x	15.8%
King Fook	280 HK	Hong Kong	63	0.20x	2.4x	5.6x	5.6%
Hengdeli	3389 HK	China	71	n.a.	5.7x	n.a.	18.9%
Hour Glass	HG SP	Singapore	1,047	1.14x	7.1x	8.8x	3.8%
Cortina	CTN SP	Singapore	437	0.73x	6.8x	8.9x	0.6%
Watches of Switzerland	WOSG LN	United Kingdom	1,202	0.88x	8.5x	16.7x	5.0%
Average			460	0.57x	5.2x	8.6x	7.6%
Median			284	0.50x	5.7x	8.4x	5.0%

The stock trades in line with its historical levels



With general headwinds, it seems likely that Oriental Watch's margins will continue to compress to 7.4%, leading to 10x P/E

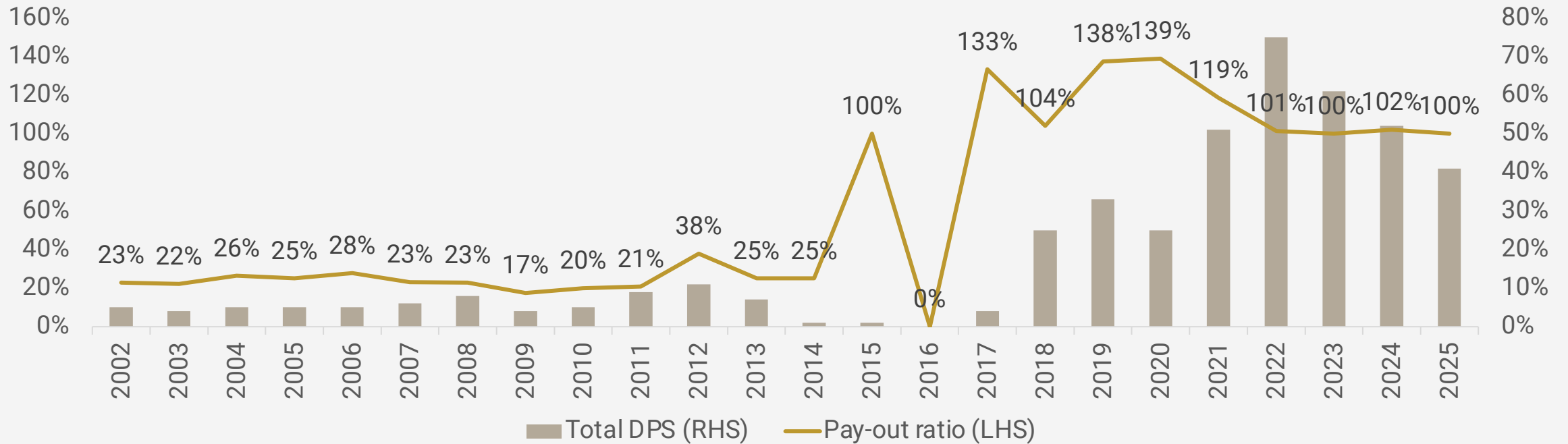


Oriental Watch (398 HK)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total revenues	2,892	2,437	2,353	3,504	3,640	3,705	3,639	3,450	3,312	3,246	3,343	3,443	3,547	3,653
Cost of goods sold	-2,285	-1,834	-1,707	-2,542	-2,459	-2,516	-2,488	-2,364	-2,302	-2,272	-2,357	-2,445	-2,536	-2,630
Gross profit	607	603	645	962	1,180	1,189	1,151	1,086	1,010	974	986	999	1,011	1,023
Other income	39	31	28	35	43	31	49	57	57	57	57	57	57	57
Other gains and losses	0	0	-32	5	17	4	-4	4	0	0	0	0	0	0
Impairment losses	0	0	-15	-2	18	-2	-4	-22	0	0	0	0	0	0
Lease expenses	0	0	-145	-145	-166	-204	-190	-201	-190	-190	-190	-190	-190	-190
Other distribution and selling expenses	-206	-198	-190	-286	-339	-323	-354	-363	-348	-341	-351	-362	-372	-384
Administrative expenses	-275	-278	-155	-212	-244	-253	-253	-234	-225	-221	-227	-234	-241	-248
Operating Income	164	158	136	357	510	442	396	327	305	280	276	271	265	259
Finance costs	-2	-2	-14	-10	-12	-15	-14	-12	-12	-12	-12	-12	-12	-12
Associates	3	3	5	9	15	13	17	22	22	22	22	22	22	22
JV income	0	0	0	0	0	0	-2	0	0	0	0	0	0	0
Pretax profit	165	160	127	356	513	440	396	337	315	290	286	281	275	269
Income tax	-26	-22	-28	-123	-150	-145	-145	-136	-127	-117	-116	-114	-111	-109
Net profit	139	138	99	233	363	296	251	200	188	173	170	167	164	160
Minority interests	0	0	-1	-1	0	0	1	0	0	0	0	0	0	0
NPAT to controlling	139	138	98	232	363	295	252	200	188	173	170	167	164	160
EPS	0.28	0.28	0.20	0.48	0.74	0.61	0.52	0.41	0.39	0.35	0.35	0.34	0.34	0.33
P/E	12.0x	12.0x	16.8x	7.1x	4.6x	5.6x	6.6x	8.3x	8.9x	9.6x	9.8x	9.9x	10.1x	10.4x
EV/EBIT	5.0x	5.2x	6.0x	2.3x	1.6x	1.9x	2.1x	2.5x	2.7x	2.9x	3.0x	3.0x	3.1x	3.2x
Div yield	7.3%	9.7%	7.3%	15.0%	22.0%	17.9%	15.2%	12.0%	11.3%	10.4%	10.2%	10.1%	9.9%	9.6%

The dividend payments greatly improved since Dennis Yeung got de facto control from 2018 onwards



Oriental Watch dividend per share & pay-out ratio



Potential downside risks



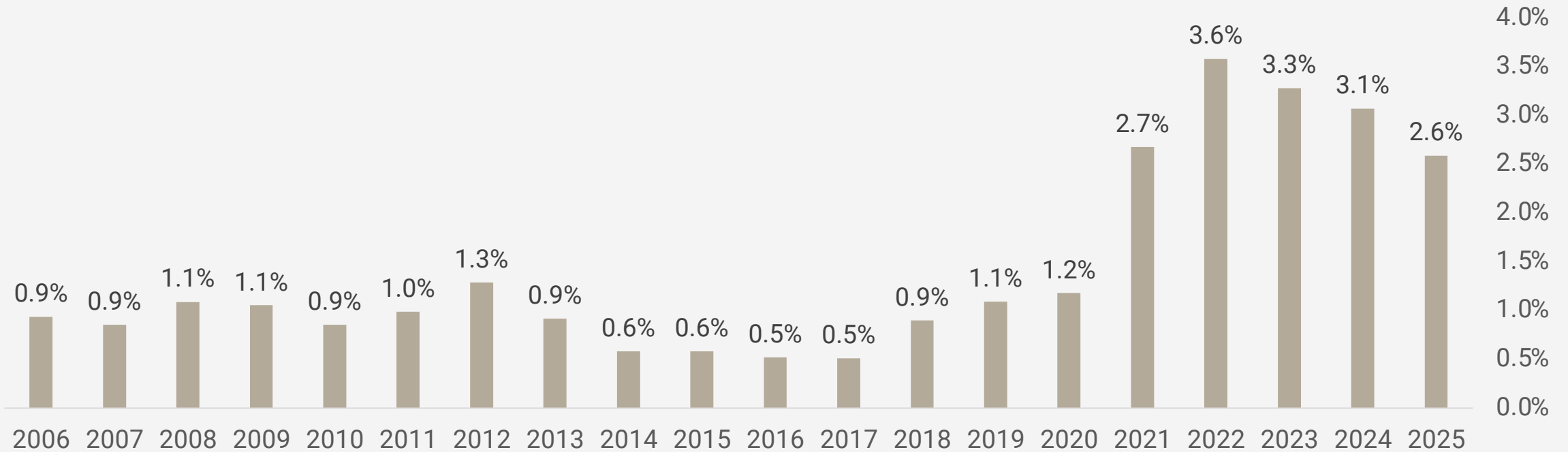
- **Rolex vertical integration:** In 2023, Rolex acquired retailer Bucherer. It may signal an interest in vertical integration. Bucherer only represents 5-8% of global Rolex sales, but this number could slowly creep up after integration is complete by ~2029.
- **Grey market reselling:** Some Rolex ADs such as Chow Tai Fook and Dickson have been found to resell watches directly to grey market dealers above MSRP, against their agreements with Rolex. In 2022, King Fook lost their authorized distribution, potentially for that reason. There's no sign that Oriental Watch has engaged in this type of business but you never know.
- **Corporate governance:** The director remuneration is very high at 2.6% of revenues, cutting margins significantly. I don't see how non-executives should enjoy such perks from meeting a few times a year. Then again, Oriental Watch's dividends are decent.



Oriental Watch's directors are not above paying themselves high salaries, eating into the company's overall margins



Director remuneration/total revenues (HK\$m)



Catalysts



- Steady dividends
- Higher margins thanks to a spike in 2nd hand Rolex watch prices?
- Rolex acquiring Oriental Watch?

