

APPENDIX GA36d

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	LAM TSZ HIN	Student ID number:	2119642
Programme:	MBA		
Module:	Finance for Business Managers		
Module code:	HKBM7008	CONTRIBUTION TO OVERALL MODULE ASSESSMENT (%):	100%
Lecturer:	Dr Katherine Mo	Internal Verifier:	Dr Arion Wong
Assignment Title:	Assignment 1	Word count (or equivalent):	5,000 words ± 10%
Submission deadline:	5 September 2022	Return date of provisional marks & written feedback:	Within 10 days after submission
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Table of Contents

1.0 INTRODUCTION	4-8
1.1 COMPANY BACKGROUND	4
1.2 OPERATING BUSINESS OVERVIEW (PRODUCTS AND SERVICES AND THE SALES MARKET)	5
1.3 TODAY'S BUSINESS ENVIRONMENT	6-7
1.4 COMPANY STRUCTURE	7
1.5 RESEARCH COMPARISON COMPANY INFORMATION	7-8
2.0 PARKSON'S FINANCIAL ANALYSIS	8-21
2.1 LISTED COMPANY BANKRUPTCY INDEX Z-SCORE ANALYSIS	8-10
2.2 FINANCIAL STRUCTURE.....	11-12
2.3 PAYING DEBT ABILITY	13-15
2.4 OPERATING CAPACITY	15-18
2.5 PROFITABILITY	18
2.6 GROSS PROFIT MARGIN.....	19
2.7 NET PROFIT MARGIN.....	19
2.8 EQUITY MULTIPLIER/RETURN ON EQUITY(AFTER TAX)	20
2.9 GROWTH ABILITY	20
2.10 ROE &Self-Sustainable Growth.....	20
2.11 STOCK MARKET PROSPECTS ANALYSIS.....	21
3.0 CORPORATE GOVERNANCE ASSESSMENT	22-26
3.1 CORPORATE GOVERNANCE SYSTEM	23-24
3.2 ORIENTAL WATCH EXISTING CORPORATE GOVERNANCE	25
3.3 CORPORATE BOVERNANCE OF HKEX	26
4.0 INVESTMENT PROJECT ASSESSMENT	27-31
4.1 PROJECT ITEM BASIC INFORMATION	27-29
4.2 CAPITAL INVESTMENT APPRAISAL	30-31
5.0 FINANCING AND CAPITAL MANAGEMENT	錯誤! 尚未定義書籤。 2
6.0 RECOMMENDATIONS AND AUDIT PLAN	錯誤! 尚未定義書籤。 3-34
6.1 FINANCIAL ANALYSIS.....	33-34
6.2 ANNUAL OPERATIONAL PLAN.....	34
7.0 CONCLUSION	35
8.0 REFERENCES.....	36-37
9.0 APPENDIX.....	38-42

Executive summary

The report is prepared for the module title of “Financial Management” which involves research study for collection of necessary empirical findings and critical discussion from literature reviews and real case studies from benchmarking to explore its financial analysis, operational review and the challenges ahead for the company. Financial management is crucial to a company. It controls resources and how to use them more efficiently to generate revenue for the company. Oriental Watch Holdings Limited 's (Oriental) is the chosen company being carried out with the analysis of financial situation. Since financial metrics may vary across industries, peer group analysis is used to compare two companies in the same industry. Emperor International Holdings Limited (Emperor) and Stelux Holdings Limited (Stelux) are Hong Kong-based retailers in the same industry. The different financial indexes are compared to identify Oriental 's financial risk and proposed recommendations for Oriental.

A quantitative analysis of trends and changes with supporting reasons, and compare with 2 other companies in the same industry are conducted for relevant comparison. The financial analysis (last 3 fiscal years) are calculated and interpreted by the relevant accounting ratios with both horizontal and vertical to reveal patterns of data over successive periods such as company size percent, turnover figure as the base figure. The ratios of its “Bankruptcy Index”, “profitability”, “liquidity and efficiency”, “solvency”, and “stock market prospects (Price/Earnings (PE), Earnings Per Share (EPS), i.e. for investors) are assessed for analysis.

Corporate governance policies with an internal control system and risk management are also assessed with the measures that have been taken by Oriental Watch to address corporate governance policies with an internal control system and risk management in the organization and is compared with best practices of HKEX and/or other companies with best governance records with key areas needed proposed for better efficiency and effectiveness.

A major investment project in the company with a one-off investment equivalent assuming 5% of last fiscal year's annual sales revenue, where the project has 5 years of net cash flow contribution (assumption) and calculate the rate of return with recommendation of the source of funding for this new project by raising one-time significant additional cash equivalent to 3% of total assets to finance a project with identification of available fund-raising options by evaluating each option by including advantages and disadvantages, from the financial impacts to the current working capital parameters (financial ratios) namely all key current assets and at last with financing recommendations.

Based on the problems and issues identified in the financial review, conclusion is recommended after an annual operational quarterly plan with a time schedule for the coming 12 months in 4 quarters by prioritizing its financial impacts and the amount of attention required by management for each problem area.

1.0 INTRODUCTION

1.1 Company background

Oriental Watch Holdings Limited (the Stock Exchange of Hong Kong – stock code: 0398) is the first company listed on the Main Board Board of Directors of The Stock Exchange of Hong Kong Limited, a listed watch retailer. The company was established on May 01, 1993. There are currently 587 (2022) people employed by Oriental Watch Holdings Limited. (Oriental Watch introduction, 2022).

In 1961, the chairman of the group, Dr. Yang Mingbiao, and shareholders established the first store in Des Voeux Road. Since then, the company has gradually expanded its scale. Through the acquisition of La Suisse Watch Company in 1973, the company successfully obtained the distribution rights of many top international brands. The company's leading position in the industry is thus established.

"Be proud of spanning half a century, and create the future with sincerity" is the motto that best reflects the company's tradition. With an experienced management and operation team, the company has established close relationships with customers. Adhering to high retail standards, the company has also won the trust and support of major watch brands and established unbreakable relationships.

Today, they have become a well-known and trusted brand in Greater China. Oriental Watch Holdings Limited will continue to strive for excellence ahead and lead the industry to new milestones.

1.2 Operating Business Overview

Oriental Watch Holdings Limited is one of the main distributors of Rolex watches in China and Hong Kong. According to the company's documents, the sales of Rolex in 20/21 accounted for 86% of the company's overall revenue of 3.5 billion yuan. one of the biggest beneficiaries (Oriental Watch, 2021). The annual revenue as of the end of March 2021 is HKD 3.504 billion, an increase of 49%; the net profit is HKD 233 million, an increase of 1.35 times, the annual dividend is HKD 0.51, the dividend payout ratio is about 107%, and the dividend payout ratio exceeds 100%. Since the net cash in the book is as high as HKD 1.04 billion, the annual dividend payout ratio can continue to exceed 100%. The current price is equivalent to a trailing P/E ratio of 9.4 times and a dividend yield of 11.3% (Oriental Watch, 2021).

The company operates a total of 12 stores in the Hong Kong Special Administrative Region and the Macau Special Administrative Region, including Orient Watches, Swiss Watches, Rolex and Tudor boutiques and Breitling boutiques, all located in prime locations in the city center (Oriental Watch introduction, 2022). Due to the proximity and extensive retail network, customers can enjoy the convenient and comfortable shopping experience provided by the company. In 2004, the company expanded its watch retail business to Mainland China. Since then, the company has opened a number of stores and boutiques covering various cities in Mainland China. Subsequently, the company further expanded its business to Taiwan (Oriental Watch introduction, 2022). The company believes that every watch brand has its own story, and has always insisted on connecting customers and brands with mutual trust. The shop regularly cooperates with major brands to display the latest products in the flagship store, bringing customers a first-hand experience of high-

quality fashion watches. Since 2004, it has been determined to expand its business in mainland China. In recent years, it has established a Pop-up Store to increase brand exposure, and also opened a WeChat boutique to provide customers with one-stop online sales services.

1.3 Today Business Environment

By analyzing the annual report of Oriental Watch in these 3 years, it was obvious that the total revenue is affected by COVID 19. The number of visitors to Hong Kong and those from the mainland dropped significantly (Oriental Watch Holdings Limited, 2020). The Group's turnover for the year decreased by 3.5% to HK\$2,353 million (2019: HK\$2,437 million). However, gross profit increased by 7.0% to HK\$645 million (2019: HK\$603 million). Gross profit margin improved to approximately 27.4% (2019: 24.7%), mainly due to the Group's positioning in the highly luxurious watch market where long-term customers maintain strong purchasing power and our strong inventory control.

The Group's net profit attributable to owners of the Company decreased by 27.5% to HK\$100 million (2019: net profit of HK\$138 million), mainly due to right-of-use assets and property, plant, and equipment, and increased due to Covid-19 in the first quarter of 2020. 19 Allowances for slower watches and reduced income due to the outbreak (Oriental Watch Holdings Limited, 2020).

The situation is being controlled in the late 2021. With the relaxation of social distancing measures and higher vaccination rates, the local consumption is increasing, with total retail sales increasing by 8.1% (in value) and 6.5% (in volume) year-on-year. In particular, the sales of jewelry, watches and valuable gifts increased by 27.3% year-on-year in 2021.

Despite the decline in sales in the fourth quarter of the year due to the rebound of COVID-19, the Group's Hong Kong business revenue for the year still increased by 8.5% to HK\$1,063 million (HK\$980 million in 2021).

1.4 Company Structure

As at 31 March 2022, the Group employed approximately 587 employees in Hong Kong, Macau, Mainland China and Taiwan, of which approximately 63% were employees in Mainland China. There are 8 main divisions composition Apart from the Board and the management which are the procurement, advertising, operation, design, management and administration, information technology, human resources and internal audit. There is total 587 employees in 2022.

1.5 Research comparison company information

This study has used of 2 company which are Stelux Holdings Limited (0084) and Emperor International Holdings (0163) for comparisons. The above 2 businesses have the same nature of business with Oriental Watch Holdings Limited (0398), while the market share and the size of the company are very similar (refer to the table below). Therefore, it will be effective to use the above 3 companies for the financial management of the equally comparative analysis.

Table 1

Company Name	Stelux Holdings Limited	Emperor International Holdings Limited	Oriental Watch Holdings Limited
(Stock number)	0084	0163	0398
Business Nature	Watch Retailing		
Market value* ¹ (HKD)	58.602M	2,648M	2,164M
PE* ¹	N/A	N/A	6
Market area	HK	HK	HK
Number of Stores* ²	34	30	11

Note1: Stock market closing on 31 March 2022 (Source: Yahoo 2022)

Note2: Source: (each company official website 2022)

2.0 PARKSON'S FINANCIAL ANALYSIS

2.1 Listed Company Bankruptcy Index Z-Score Analysis

During the financial report, I am going to analysis the three annual return report from the 3 companies during the period of 2019-2022. By reviewing each report, a better understanding of Oriental Watch Holdings Limited business situation will be gained. By analyzing the income statement and balance sheet, we can know more about their financial structure, repayment and realized capacity, operating capacity, growth capacity and market value and shares return for six areas with industrial average and the comparison studies. Data will be shown in the below table of the findings.

Table 2

Company name	Oriental Watch Holdings Limited			Stelux Holdings Limited	Emperor International Holdings
\$HKD '000 (year)	2019-2020	2020-2021	2021-2022	2021-2022	
Net current assets	1,668,060	1,546,303	1,549,334	-226,362	2,900,267
Total assets	2,513,621	2,727,530	2,879,275	1,182,030	5,350,255
Retained earnings	2,051,537	1,985,313	1,986,271	273,499	1,614,834
EBIT	100,437	427,727	565,833	-71,562	287,080
Stock Value *1	0.18	0.28	0.28	0.061	0.21
Total Equity	2,083,286.00	1,990,549.00	2,036,167.00	384,748.00	4,720,790
Number of Shares (Thousand shares)	141,643	540,342	487,358	1,046,474.03	677,945
Total Liabilities	430,335	736,981	843,108	797,282	629,465
Sales	2,352,683	3,504,022	3,639,774	692,507	3,926,608

Note 1: Mar 31 closing value according to Yahoo Stock market (source: Yahoo)

Z score: $Z = 1.2A + 1.4B + 3.3C + 0.6D + 0.999E$

A= Working capital/Total assets; B= Retained Earnings/Total Assets; C= EBIT/Total assets; D= market value of equity / total liabilities; E=sales / total assets

Table 3

Company name	Oriental Watch Holdings Limited			Stelux Holdings Limited	Emperor International Holdings
\$HKD '000 (year)	2019-2020	2020-2021	2021-2022	2021-2022	
A	0.66	0.57	0.54	(0.19)	0.54
B	0.82	0.73	0.69	0.23	0.30
C	0.04	0.16	0.20	(0.06)	0.05
D	0.06	0.21	0.16	0.08	0.22
E	0.94	1.28	1.26	0.59	0.73
Z score	3.04	3.62	3.62	0.53	2.12

Source: AASTocks <http://www.aastocks.com/EN/stock/CompanyFundamental.aspx?CFTYPE=1&symbol=00282>

Notes of Calculation

***When the result of Z-score is:**

- Below 1.81** - High probability of bankruptcy;
- Between 1.81 and 2.99** - In grey area;
- Over 2.99** - In safe zone.

In finance, a Z-score is a measure of an observed variable that traders can use to help determine market volatility. Z-scores are also sometimes called Altman Z-scores (ADAM HAYES, 2022). The Atman's Z-score thus provided an optimistic prediction for Oriental Watch from **3.04 to 3.62 from years 2019-2022** which is well over 2.99 as being in the safe zone as indicated from the above table. We can see that, Oriental Watch got themselves at a safe area and can prevent from bankruptcy and it demonstrate its financially sound. Compare to the other two company, Stelux Holdings Limited has a high risk of bankruptcy with below 1.81 Z score.

2.2 Financial structure

Table 4

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
Fixed assets to Long Term Liability Ratio	0.24	0.27	0.32	0.28	10.86	0.36	3.83
Current Liability to Net Asset Ratio	0.13	0.29	0.31	0.24	-3.59	0.27	-1.03
Current Liability to Stock Ratio	0.26	0.73	1.01	0.67	2.80	0.25	1.24

Source: From this research

Fixed assets to Long Term Liability Ratio

The ratio complements an assessment of a company's ability to cover its debt. It shows how well a company's tangible fixed assets can cover its long-term liabilities. Tangible fixed assets constitute a potential source of financing for a company's liabilities (Eanaliza ,2022). Refer to Table 4, we can see the Fixed assets to Long Term Liability Ratio of Oriental Watch is keep on rising from 0.24 to 0.32 (increase 33.3%), but relatively the 3 companies average is 3.83. Overall, we can see the long-term funds of Oriental Watch are stable and sufficient for their competition in the market.

Current Liability to Net Asset Ratio

Oriental Watch's Current Liability to Net Asset Ratio has increased from 0.13 to 0.31 (138 % increase) during the period of 2019 to 2022. The current liability has a significant increase Oriental Watch e for in these 4 years. However, their net assets are unable to fully cover their current liabilities. Compare with the two other company, Stelux has the best ratio, while Oriental Watch has a better number compare with Emperor, but their number are quite near. Considering their ratio of Oriental Watch are still below 1, the current liabilities are not a big problem.

Current Liability to Stock Ratio

Oriental Watch's Current Liability to Stock Ratio has increased from 0.26 to 1.01 (288 % increase) during the period of 2019 to 2022. It us a ratio used to tell how much a firm relies on funds from disposal of unsold inventories to meet debt. It reflects that the current liabilities are continue rising but the stock are unable to catch up. Refer to Table 4, the average number is 1.24, Oriental Watch's 1.01 is at a reasonable level. Overall, I consider Oriental Watch is being at the average industrial level by analyzing the above ratio.

2.3 Paying debt ability

Table 5

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
Current Ratio	8.92	4.42	4.19	5.84	0.72	5.09	3.88
Quick Ratio	5.13	3.04	3.19	3.79	0.36	0.83	1.66
Cash Ratio	4.48	2.36	2.65	3.16	0.17	0.6	1.31
Total Debt Ratio	0.17	0.27	0.29	0.24	0.67	0.2	0.37
Debt/Equity Ratio	0.21	0.37	0.41	0.33	2.00	0.25	0.86
Long Term Debt Ratio	0.10	0.13	0.16	0.13	0.15	0.05	0.11
TOTAL DEBT/FIXED ASSET RATIO	0.86	1.36	1.28	1.17	1.35	0.53	1.02
TIME INTEREST COVER RATIO	7.07	41.92	47.02	32.00	-4.40	7.90	11.83

Current Ratio/ Quick Ratio

The current ratio is used to assess a company's ability to pay its short-term debt -- that is, debt that comes due within a year. The current ratio is calculated by dividing a company's current assets by its current liabilities. The higher the resulting number, the more short-term liquidity the company has. Refer to Table 5, Oriental Watch has a high ratio with average of 5.84 in 4 years which is much higher than the industrial average. This shows the current assets is much higher than the current liabilities. The company is not efficiently

using its current assets or its short-term financing facilities. The quick ratio measures a company's ability to pay its current liabilities without having to sell inventory or obtain additional financing. The quick ratio is considered more conservative than the current ratio, which includes the coverage of all current assets as current liabilities (SHOBHIT SETH,2022). The quick ratio of Oriental Watch 3.79 is also better than the industrial level of 0.36 and 0.83 which shows the cash level is sufficient and healthy for them to pay the debts.

Cash Ratio

The cash ratio is a measurement of a company's liquidity. It specifically calculates the ratio of a company's total cash and cash equivalents to its current liabilities. The cash ratio for Oriental Watch has been dropped from 4.48 in 19-20 to 2.65 in 21-22. Mainly due to the increase in current liabilities. Their cash ratio is still the best among the 3 companies.

Total Debt Ratio

The debt ratio expresses the total amount of assets owed to creditors (as reported on the balance sheet) - the higher the debt ratio, the greater a company's financial leverage is. Refer to Table 5, the number of total debt ratio for Oriental Watch is keep on increasing, but still lower than Stelux and better than Emperor.

Debt/Equity Ratio

The debt-to-equity ratio is a measure of the relative contributions of creditors and shareholders or owners to the capital employed by a business. Simply put, the ratio of a company's total medium and long-term debt to equity capital is called the debt-to-equity

ratio. Refer to Table 5, Oriental Watch has an increase in Debt/Equity Ratio from 0.21 to 0.41 in these 4 years. In general, a D/E ratio below 1 would be considered relatively safe, while a value of 2 or higher might be considered risky. We can see Oriental watch has a stand out Debt/Equity Ratio in the industries.

Time Interest Cover Ratio

The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) by the interest expense for a given period. The interest coverage ratio is sometimes called the interest income multiple (TIE) ratio. Considering the standard level in the industry (11.83), with a great number of time interest cover ratio for oriental watch (32 in 4 years average). This means that the company has less risk to investors and creditors in terms of solvency.

Overall, the paying debt ability of oriental watch is above standard. Most of the ratio in Table 5 is better than the industry average. It is suggested that oriental watch have room for improvement by making more investment for the company since their current ratio is significantly high.

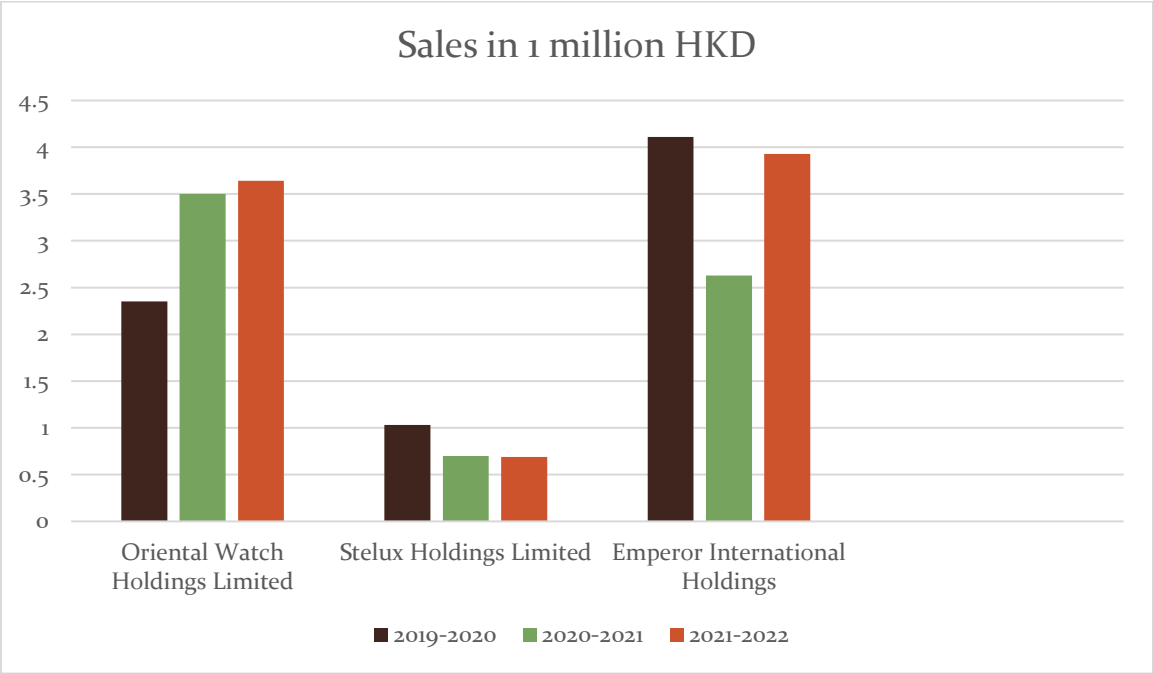
2.4 Operating Capacity

Refer to Table 6, we can see that the overall sales in the watch industry are being affected due to the Covid 19 outbreak and social issues in 2019-2020. Oriental Watch is the only company which has an increase of sales from the period of 2019-2020 to 2020-2021. This can reflect that the company has did a great job in recovering themselves from the Covid 19 outbreak issue. Oriental watch has an increase of sales from HKD 2.35million in 2019-

2020 to 3.64 million in 2021-2022. Also, they have achieved a 4% sales growth rate in 2021-2022. The below 3 tables is the sales performance comparison.

Sales (Source 3 companies annual report)

Table 6



Sales process and growth ratio

Refer to the data below, Oriental Watch has the second highest overall sales and sales growth rate with the highest sales process rate in the industries. To conclude, Emperor has an impressive year in 2021-2022 which they achieve the highest overall sales and a huge rise in sales growth rate. Compare to Oriental Watch, their growth is more stable and consistent which is highly acceptable in the market.

Table 7

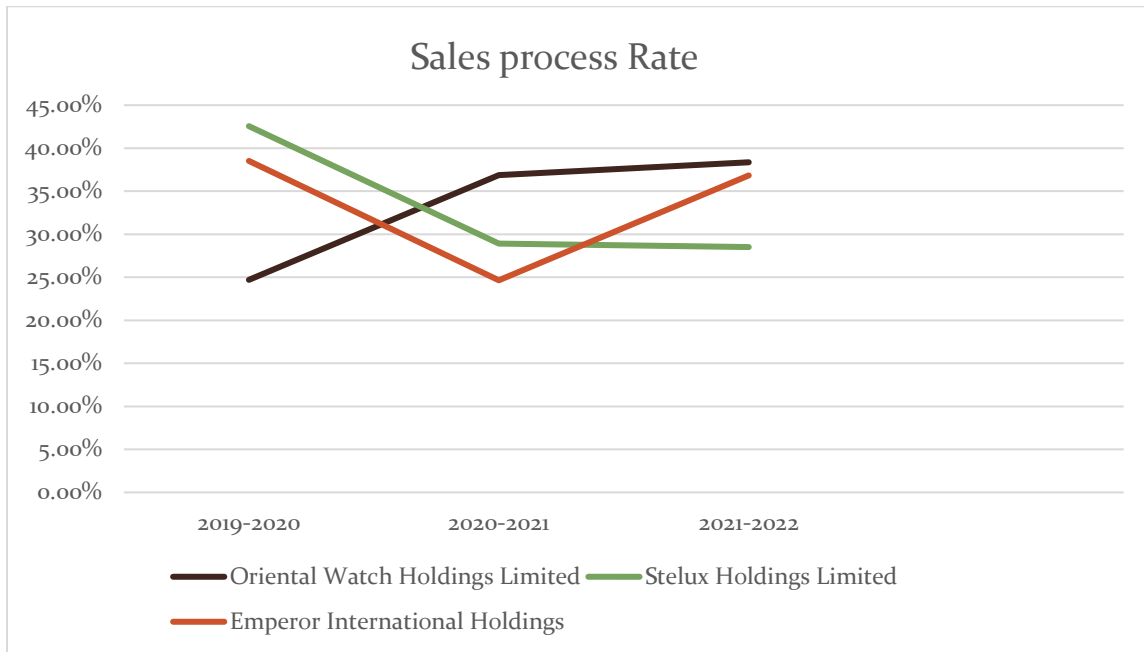


Table 8

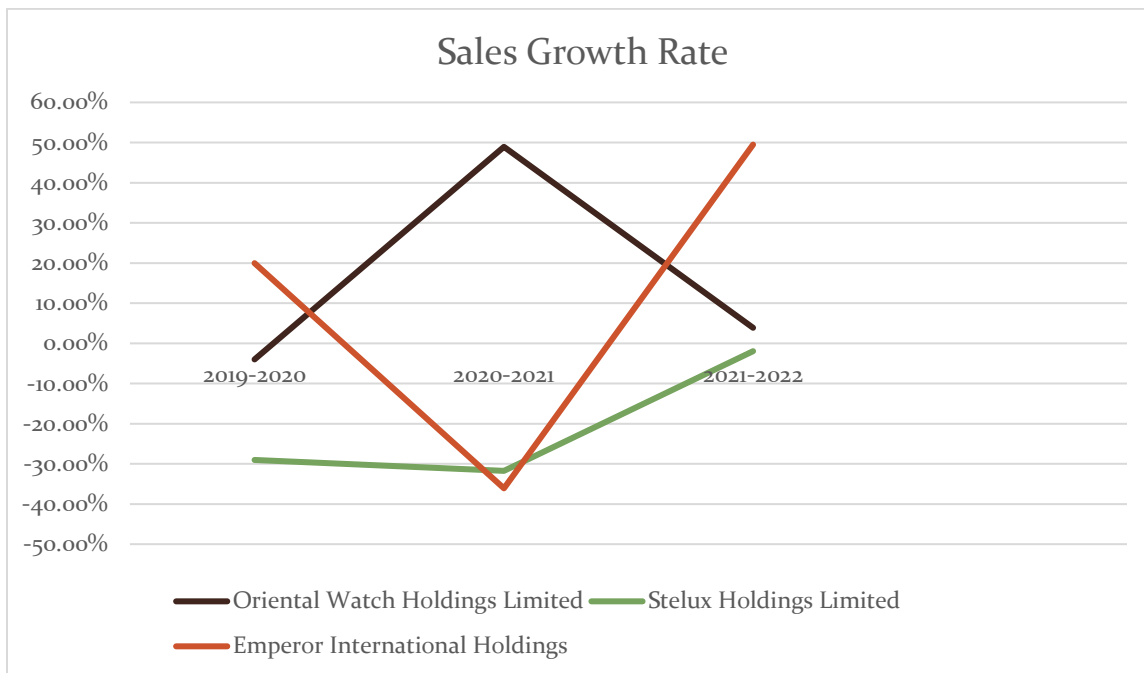


Table 9

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
Cash Coverage	23.34	73.21	70.77	55.77	1.49	24.44	27.23
Inventory Ratio	170.75	89.43	71.77	110.65	256.87	463.21	276.91
Receivable Ratio	17.49	29.79	20.57	22.62	67.52	16.31	35.48
Creditor's Ratio	18.55	41.26	40.19	33.33	56.95	7.30	32.53

2.5 Profitability

Table 10

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
Net Profit (HK\$'000)	57,903	293,912	403,339	251,718	-196,922	109,573	54,789.67
Net Profit Growth%	N/A	407.59%	37.2%	222.4%	24.85%	219.97%	155.74%
Gross Profit Margin%	27%	27%	32%	29%	47.19%	31.34%	35.84%
Net Profit Margin%	2%	8%	11%	7%	-21.9%	2.9%	-4%
EBITDA Margin %	8%	20%	23%	17%	-10.38%	18.65%	8.42%
Operation Period	188.24	119.22	92.34	133.27	329.56	479.53	314.12
Cash Period	169.69	77.95	52.15	99.93	258.90	63.88	140.9

2.6 Gross profit margin

Gross margin is a metric used by analysts to assess a company's financial health by calculating the amount remaining after the cost of sales (COGS) is subtracted from product sales. Sometimes called gross margin, gross margin is usually expressed as a percentage of sales. The gross profit margin for Oriental Watch is stable with a 4% increase from 2019 to 2022 (32% in 2021-2022), but in comparison with Stelux and Emperor (average 35.84%). Oriental Watch has the lowest gross profit margin in the industry.

2.7 Net Profit Margin

Net profit margin, or simply net profit margin, measures the net income or profit generated as a percentage of revenue. It is the ratio of net profit to revenue of a company or business unit. Net profit margin is usually expressed as a percentage, but can also be expressed in decimal. Refer to Table 10, the Oriental's net profit margin is kept on improving from 2% to 11% in 2019-2022. Compare to the other two companies, Oriental stands out in the industry (Average -4%).

Table 11

Company name	Oriental Watch Holdings Limited			Stelux Holdings Limited	Emperor International Holdings	3 Companies Average
(year)	2019-2020	2020-2021	2021-2022	2021-2022		
Total Assets Turnover %	94%	128%	126%	59%	73%	86%
Equity Multiplier	1.21	1.37	1.41	3.07	1.13	1.87
Return on Equity (after tax) %	3%	15%	20%	-28%	4%	-1%

Total asset turnover - Oriental's 4 years average is 116% in 2019-2022

2.8 Equity Multiplier/ Return on Equity (after tax)

The Return on Equity reveals how much net (after-tax) income you've earned in comparison to shareholder equity. Oriental's Return on Equity has an increase from 3% to 20% from 2019-2022. The total assets turnover is the level of excellence. While the increase in Equity Multiplier is the cause Return on Equity rise by one of the reasons. Compared to the other two parties, Oriental's return on equity has remained at a relatively high level of 20% which is the best among the 3 companies. Overall, the profitability of Oriental Watch is impressive in the industry. However, they can consider to provide more type of products online to reduce operation cost.

2.9 Growth Ability

Table 12

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
ROE	0.41	0.54	0.83	0.59	-0.19	0.16	0.19
Self-Sustainable Growth Ratio %	97%	98%	98%	97.6%	34.5%	23.9%	52.2%

2.10 ROE & Self-Sustainable Growth

The ROE of Oriental watch is the highest among the three companies. With average of 0.59 from 2019-2022 which is much higher than the industrial average of 0.19. The sustainable growth rate tells us how much the firm can grow by using internally generated

funds and issuing debt to maintain a constant debt ratio. Refer to Table 11, Oriental watch has a sustainable development for their company. An average of 97.6% stands out among the three companies with relative average of 52.2%.

Growth Capacity analysis reveals that the business growth capacity of Oriental Watch is outstanding in the industry.

2.11 Stock Market Prospects Analysis

Table 13

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
(year)	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
Market Capitalization (HK000\$)	24,873	153,133	138,117	105,374	81,624	107,567	98,188
Price-earnings Ratio	0.43	0.52	0.34	0.43	-0.65	1.38	0.39
Market to Book Ratio	0.01	0.10	0.10	0.07	4.52	0.04	1.54

The price-to-earnings ratio, also known as the price-to-earnings ratio, tells investors how much a company is worth. The P/E ratio is simply the stock price divided by the company's earnings per share for a specified period such as the past 12 months. The price-to-earnings ratio expresses how much an investor will pay for earnings of \$1 per share. Oriental Watch P/E ratio has an average of 0.43 in four years which sits in the middle rank among the three companies. Their P/E ratio is still higher than average in 4 years. For the market capitalization, Oriental Watch and Emperor have similar number (Emperor is 2% larger

than Oriental) since these two companies has a longer history in business and the company size is larger. For the Market to Book Ratio, both Oriental Watch and Emperor have a much lower value compared to Stelux. A low ratio indicates that the stock is undervalued, while a higher value for Stelux means their stock is overvalued. Overall, Oriental Watch is considered as a safe and sustainable choice in the stock market. Their stock is at a reasonable level.

3.0 Corporate Governance assessment

Section 2 has analyzed the financial situation of Oriental Watch with comparison to the two big brands in the industry. We understand that Oriental Watch is doing a good job in their business recovery from Covid 19, but there are still rooms for improvement. In this section, it is intended to explore its corporate governance of its financial performance of the hill and in its internal control and risk management to check if existing mechanism is sufficient or not. Appropriate recommendations will be provided also.

Corporate governance is the rules, practices and processes used to guide and manage a company. It provides a framework for achieving company goals. The fundamental principles of corporate governance are fairness, transparency, responsibility, accountability and risk management, covering areas such as corporate strategy, ethical behavior, environmental awareness and social responsibility (Chen, 2022). It is intended in this section to compare the Corporate governance policies of Oriental Watch from dimensions of internal control system and risk management with the best practices of HKEX in order to identify key areas needed proposed for better efficiency and effectiveness.

3.1 Corporate Governance System

As we can see from the figure 1 below, Oriental Watch Limited has a clear and structured corporate governance. 3 Independent Non-executive directors, 1 Finance Director, 1 Executive Director and 1 Chairman and managing Directors made up the board of Oriental Watch Limited. The composition of the Board is well balanced and each Director possesses sound knowledge, experience and expertise relevant to the Group's business. Regular board meeting will be held at least 4 times per year. Nomination policy will be taken to select the directors.

Mr. Yeung Him Kit is the Chairman of the Company and the Group Managing Director. He has been the Group Managing Director of the Company since March 2003 and assumes the role of Chairman on 10 February 2021 following the passing of the previous Chairman, Dr Yeung Ming Biu on 5 February 2021. The Board considers that he is the most suitable person with the necessary experience to lead the Board and manage the day-to-day operations of the Group. As Chairman, he is responsible for leading the Board, ensuring that it plays a role in all aspects and setting the agenda, and considers any matters raised by other directors for inclusion on the agenda. Through the Board, he is responsible for ensuring that the Group follows good corporate governance practices and procedures. As Chief Executive, Mr. Yang is responsible for the day-to-day management of the Group's business (Annual Report, 2022). Overall, the Board has responsibility for the Oriental's risk management, internal control and legal and regulatory compliance systems.

The Company's primary objective is to enhance the overall long-term return to shareholders. To achieve this, the Board sets the strategy and direction for the Group's activities to achieve sustainable recurring profitable growth and maintain the Group's healthy financial

position. The section headed “Management Discussion and Analysis” contains a discussion and analysis of the Group's performance during the year under review, as well as the Group's strategies to achieve its future plans. However, the Company does not have a dividend policy and the Board will decide to declare/recommend any future dividends after considering a number of factors, including prevailing market conditions, the Group's operating results, business plans and prospects, financial condition and working capital requirements and other such as the Board deems relevant factor.

Figure 1 the board committee members of Oriental Watch Limited

CORPORATE INFORMATION 公司資料			
BOARD OF DIRECTORS	Mr. Yeung Him Kit, Dennis (Chairman and Managing Director) Madam Yeung Man Yee, Shirley (Executive Director) Mr. Lam Hing Lun, Alain (Finance Director) Dr. Li Sau Hung, Eddy (Independent Non-executive Director) Mr. Choi Man Chau, Michael (Independent Non-executive Director) Mr. Sun Dai Hoe, Harold (Independent Non-executive Director)	董事會	楊衍傑先生 (主席兼董事總經理) 楊敏儀女士 (執行董事) 林慶麟先生 (財務董事) 李秀恒博士 (獨立非執行董事) 蔡文洲先生 (獨立非執行董事) 孫大家先生 (獨立非執行董事)
COMPANY SECRETARY	Mr. Lam Hing Lun, Alain	公司秘書	林慶麟先生
PRINCIPAL BANKERS	Hang Seng Bank Limited Bank of China (Hong Kong) Limited Standard Chartered Bank (Hong Kong) Limited	主要往來銀行	恒生銀行有限公司 中國銀行(香港)有限公司 渣打銀行(香港)有限公司
AUDITOR	Deloitte Touche Tohmatsu Certified Public Accountants and Registered Public Interest Entity Auditor	核數師	德勤 • 關黃陳方會計師行 執業會計師及註冊公眾利益實體核數師
HONG KONG BRANCH SHARE REGISTRARS	Tricor Secretaries Limited Level 54 Hopewell centre 183 Queen's Road East Hong Kong	股份過戶登記處 香港分處	卓佳秘書商務有限公司 香港 皇后大道東 183 號 合和中心 54 樓
HONG KONG LEGAL ADVISER	Jennifer Cheung & Co	香港法律顧問	張美霞律師行
BERMUDA LEGAL ADVISER	Conyers, Dill & Pearman	百慕達法律顧問	Conyers, Dill & Pearman
REGISTERED OFFICE	Clarendon House Church Street Hamilton HM 11 Bermuda	註冊辦事處	Clarendon House Church Street Hamilton HM 11 Bermuda
PRINCIPAL PLACE OF BUSINESS	19th Floor Wing On Centre 111 Connaught Road Central Hong Kong	主要營業地點	香港 干諾道中 111 號 永安中心 十九樓

3.2 Oriental Watch existing Corporate Governance

Table 14

Company name	Oriental Watch Holdings Limited			Oriental Watch Holdings Limited	Stelux Holdings Limited	Emperor International Holdings	3 Companies
year	2019-2020	2020-2021	2021-2022	2019-2022 (4 years average)			
ROA (after tax) %	2%	11%	14%	9%	-12.9%	1.96%	-0.64%
ROE (after tax) %	3%	15%	20%	12.7%	-40.0%	2.37%	-8.31%

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit.

Refer to Table 14, Oriental has a much better and more stable ROA compared to the other two companies. It reflects that the company is efficient at generating profits. Same as the ROE, Return on Equity (ROE) is a financial ratio that shows how well a company manages the capital invested by shareholders.

Refer to Table 14, Oriental has a big increase of ROE from 3% to 15% (400% increase). Compare to the industry average of -8.31%, Oriental Watch is good at converting its equity financing into profits.

3.3 Corporate Governance of HKEX

Corporate Governance maintain the highest standards of corporate governance with the long-term success and sustainability of HKEX businesses. All the Committee Reports form part of this report.

Table 15 – HKEX Board



As revealed from HKEX Board, it complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code in force. HKEX has applied the principles of the Corporate Governance Code to its corporate governance structure and practices. The HKEX Board ensures it strict compliance of governance being almost the highest in all listed companies in Hong Kong indicating better internal control system in particular Business Continuity Plan (BCP) and high level of risk management.

4.0 Investment Project Assessment

Oriental Watch Limited plans a new project by opening a new store with technological innovation. This project is planned to provide a new and unique watch shopping experience towards the watch lovers. Unlike the traditional watch store, this new store of Oriental Watch, the products can be displayed by an app via video transmission. Customers will be able to know more about the production process and the detailed items inside the watch. With the technical explanation for the products, the customers can enjoy our services even they are shopping online, it can reduce the training cost and operation cost, but also satisfy more type of customers in the long term.

4.1 Project item basic information

Herein below shows the basic information of project item.

Table 16

Project Cost (HKD)	Price	Remarks
Store Size in Mall (sq.foot)	10,000	Size of a store in a mall
Store rental price (HKD/per sq foot)	\$500	Assume the rental price is \$400 in a shopping mall (See Appendix 2)
Technical product display development	\$650,000	Assume the cost of development (See appendix 3&4)
Technical product display maintenance (5 years)	\$650,000	Assume annual maintenance cost is 20% of hardware cost.

Table 17

Total Project Cost		
Rental Cost in 5 years	\$300,000,000	= 10000 sq feet x \$500x12 months x 5 years
Decoration	\$10,000,000	Assume \$1000 decoration cost per sq feet (See Appendix 5)
Technical product display development	\$650,000	Assume the cost of development (See appendix 3&4)
Technical product display maintenance (5 years)	\$650,000	Assume annual maintenance cost is 20% of hardware cost.
Total Project Cost	HKD \$323 Mil	

(Prepared By author)

Table 18

Other basic information		Remarks
Store depreciation year	50 years	According to Annual Report 2022
Sales Growth Rate	4%	Sales growth rate in 2021-2022 in Table 8
Final Growth Rate	2%	Refer to HKSAR (hksar,2021)
Tax Rate of corporate in Hong Kong	16.5%	Refer to tax rate of Hong Kong in 2022 (hksar,2022)
EBITDA %	23%	Refer to Table 10
ROA %	14%	Refer to Table 14
Cash Period (days)	52.15	Refer to Table 10

(Source: Calculated by Author)

Table 19

Prediction of first year sales

Sales per square feet	\$15,000	According to Annual Report 2022
Sales from new store	150,000,000	10000 sq. feet x \$10,000
Total sales	150,000,000	

Table 20: Project Profit Calculation

Yr		1	2	3	4	5
Sales		150.0	156.0	162.2	168.7	175.5
EBITDA	23%	34.5	35.9	37.3	38.8	40.4
Depr	straight line depr mthd		2%			
Building	50	6.26	6.26	6.26	6.26	6.26
Decoration cost	5	2	2	2	2	2
Total Depr		8.26	8.26	8.26	8.26	8.26
EBIT		26.2	27.6	29.1	30.5	32.1
Tax	17%	4.3	4.6	4.8	5.0	5.3
Profit		21.9	23.1	24.3	25.5	26.8

(Source: Calculated by Author)

Table 21: Project Profit Calculation

EBITDA		34.5	35.9	37.3	38.8	40.4
Expenditure 1	cash period	-21.4	-22.3	-23.2	-24.1	-25.1
Expenditure 2	Decoration cost	-2.0	-2.0	-2.0	-2.0	-2.0
Tax		-4.3	-4.6	-4.8	-5.0	-5.3
Cashflow		6.7	7.0	7.3	7.7	8.0

(Source: Calculated by Author)

Note1: Working Capital the first-year calculation (annual direct sales x operating cashflow period/365) => 200m x 52.15/365. Next year's calculation = previous year's working capital x (1+sales growth rate)

Note2: Assumption for annual decoration cost: 10m/5 years = 2m per year.

Note3: Assume the final growth rate is used after 5 years.

The new project's investment was around 8.87% of annual sales in 2022. The new project is estimated to generate annual sales of \$ 150m in the first year, profit of \$21.9m and cashflow of \$6.7. Project five years profit and cashflow will increase each year and are listed in Table 19 and Table 20.

4.2 Capital Investment Appraisal

A Capital Investment Assessment (CIA) is used to evaluate the performance of a project and help decide whether to invest in the project. Investments in long-term projects, in particular, involve large amounts of money over time. The current value is not equal to the future value. The CIA has several methods, including Net Present Value (NPV), Return on Investment (PBP), Internal Rate of Return (IRR), Profitability Index (PI), and Accounting Rate of Return (ARR), to evaluate projects (Pinkasovitch, 2022). First, to check if the plan can be invested for a positive return. It is important to make sure both NPV and PI is positive. NPV calculates the value of cashflow in and out over a period, while the PI calculates the profit to investment ratio. The PBP calculates the time needed to receive back the cost of the investment. Obviously, shorter is better. IRR calculates a discount rate for making the NPV of all cashflow equal zero. Lastly, the ARR calculates the percentage of return expected on the investment.

Refer the Table 22&23, it shows the result of CIA based on the new project mentioned in Section 4.1.

Table 22

Cashflow in/(out)	PV of cashflow	CUM Cashflow	Profit		ROA	14.0%
(251.3)	(251)	(251)			Growth rate	2%
138.3	121	(113)	36.0			
144.1	111	31	37.5			
150.1	101	181	39.0			
156.3	93	338	40.6			

Table 23

Method 1 NPV	259.35	259.35			
Method 2 PBP	5 YEARS		(109)	MONTH	
Method 3 IRR	50.5%				
Method 4 PI	2.03				
Method 5 ARR	15.5%				

The above investment appraisal analysis shows shown PBP is 5 years. The value of NPV and PI are large than 1. The ARR is 15.5%, higher than the ROA of 14% in 2021-2022. Moreover, the methods of NPV and IRR have time consideration for the assessment. Therefore, Oriental Watch's new project can be invested in a positive return.

5.0 FINANCIAL AND CAPITAL MANAGMENT

Oriental Watch now are planning to proceed the new project refer to the section 4. They will initiate additional cash 251.3 million. We are going to analyze the various financing program of Oriental Watch capital management of analysis pros and cons.

Financial methods for analyzing

- Cash Payment- Oriental Watch can use their retained earning or cash as the sources of funding. Their financial status is sustainable and stable (see Appendix 6). Refer to Table 5, the cash ratio of Oriental Watch is 2.65 in 2021-2022. If the project is paid by cash, it will take up 19.8% of cash in 2021-2022. The cash ratio will be decreased.
- Bank Loan: The company bank interest rate in 2019-2022 is 1.5% in 4-year average. The cash coverage of Oriental Watch is 70.77 with average 55.77 in 4 years (refer to Table 9). It is good enough for them to pay more interest.
- Sales of Assets: The ROA is 14% with average 3.79 quick ratio in 4 years (refer to Table 5). They have enough assets for sale in order to fund the new project.
- Issue New Shares: The 4 years average of shares for Oriental Watch is 389,791 thousand shares. The percentage of the Company's shares in the hands of the public exceeds 25% of the Company's total number of issued shares. Since it will affect the shareholders, it is not recommended.

Overall, the first 3 plan are available for Oriental Watch. To minimize the risk, Bank Loan is the best choice among the 3 plans since cash payment will take up nearly 20% of the total cash. While the sales of assets is not necessary, as the financial status of the company is stable and sufficient.

6.0 RECOMMENDATIONS & AUDIT PLAN

1. Improve in corporate governance: Increase in diversity can be a way for Oriental Watch corporate governance. According to their annual return in 2022, there are 4 directors are male and only one female is the board of directors. When we look through the senior management, lack of female workers can be seen. A recently released study by Credit Suisse surveying global companies concluded that greater gender diversity improves financial performance. Companies with one or more women on the board saw 4% higher net income growth than companies without women. American companies lead the world in having one or two female or minority board members. European companies lead the world in having three or more female or minority members (Ashley Stahl, 2022).

2. It is recommended that the CEO and chairman have separate and distinguishable roles. The CEO manages and the chairman oversees management, but they must work together to achieve organizational goals. They both need to make high-level decisions as reiterated by Melissa Virahsawmy (2022).

6.1 Financial Analysis

1. From the above, we can see that the gross profit margin for Oriental Watch is particularly low in the industry. Reduce operating expense can be a way to improve the gross profit margin. Oriental Watch has invested too much in training staff and they have just promoted online product sales system this year which is much slower than the competitors. In long term, Oriental watch should cut their operation cost like training cost, manpower. They should instead increase online services and ordering delivery cost. In this way, the gross profit margin will be able to catch up to industry average.

2. Oriental Watch should manage their inventory in a more effective way. From the above analysis, we can see that the Cash period is particularly lower than the industry average. The company can manage inventory more efficiently by shortening cash conversion cycles and turning inventory faster.

6.2 Annual Operational Plan

The above recommendations and the new investment projects in Section 5 propose the following timetable through prisonization, which may improve overall performance.

Annual Operational Plan	Q4 2022			Q1 2023			Q 2 2023			Q3 2023			Q4 2023		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Project Tracker															
New investment Project															
Technical product display development															
Find location in the mall															
Bank Loan															
Decoration															
New Store and display Launch															
Cut Training cost and staff cost															
Separate the role of Chairman and chief executive															
Nominate reamarkable female as board committees															
Continue to turn inventory in a shorter time															

(Made by Author)

7.0 CONCLUSIONS

To conclude, Oriental Watch is financially healthy. It is impressive that they are able to recover quickly under the Covid 19 issues. The company adheres to the principles of governance and is transparent to shareholders. However, there are rooms for improvement to earn more revenue. Empirical findings from the quantitative and quality analysis of this report to Oriental Watch and benchmarking of relevant industrial players reveals that the financial ratios of a company may vary over time in its proportions and correlation with various key financial performance by micro-economic and macro-economic changes.

This demands insights by management decisions, desirable in more industry specific and business oriented in a timely manner, trying to maintain the firms' in optimal balance on its capital structure as widely adopted by most of the today's successful corporates around the world to sustain their business growth by achieving their objectives in both financial and non-financial aspects; strict conformance of corporate governance and by adoption of contingency plan against possible impacts from both microeconomic and macroeconomic variables over time in a changing world and prioritize its financial impacts and the amount of attention required by management for each problem area.

Word count: 5,122

8.0 REFERENCES

1. aa.stocks.com, financial figures, [Online] available at:
<http://www.aastocks.com/EN/stock/CompanyFundamental.aspx?CFTYPE=1&symbol=00282>
(Accessed: August 31, 2022)
2. Ashley Stahl (2022) Diversity importance Available at:
<https://www.forbes.com/sites/ashleystahl/2020/07/21/10-steps-businesses-can-take-to-improve-diversity-and-inclusion-in-the-workforce/?sh=ff1a31c343ee> (Accessed: August 31, 2022)
3. ADAM HAYES (2022) Introduction Available at:
<https://www.investopedia.com/terms/z/zscore.asp> (Accessed: August 31, 2022)
4. Chen, J. (2022) What is corporate governance? Investopedia. Available at:
<https://www.investopedia.com/terms/c/corporategovernance.asp> (Accessed: August 31, 2022)
5. Eanaliza (2022) Ratio Description Available at : <https://eanaliza.pl/en/fixed-assets-to-long-term-debt-ratio> (Accessed: August 31, 2022)
6. Emperor International Holdings Limited (2022) official website Available at:
<https://www.emperorint.com/> (Accessed: August 31, 2022)
7. hksar (2021) HK economic outlook positive: FS, Hong Kong's Information Services Department. Available at:
https://www.news.gov.hk/eng/2021/02/20210224/20210224_101330_635.html
(Accessed: August 31, 2022).
8. hksar (2022) Tax Rates of profits tax, www.gov.hk. Available at:
<https://www.gov.hk/en/residents/taxes/taxfiling/taxrates/profitsrates.htm> (Accessed: August 31, 2022)

9. Hong Kong Stock Exchange Annual Report 2021 Available at
[HKEx Annual Report 2021 \(hkexgroup.com\)](https://www.hkexgroup.com/annual-reports/2021) (Accessed: August 31, 2022)
10. Oriental Watch Holdings Limited (2022) Annual Report at:
<http://www.orientalwatch.com.hk/owh/notices.aspx?lang=eng&Report=A> (Accessed: August 31, 2022)
11. Oriental Watch Holdings Limited (2021) Annual Report Available at:
<http://www.orientalwatch.com.hk/owh/notices.aspx?lang=eng&Report=A> (Accessed: August 31, 2022)
12. Oriental Watch Holdings Limited (2020) Annual Report Available at:
<http://www.orientalwatch.com.hk/owh/notices.aspx?lang=eng&Report=A> (Accessed: August 31, 2022)
13. Oriental Watch introduction (2022) Available at:
https://www.orientalwatch.com/owh/oriental_watch_about_us.aspx?lang=eng&nav=OrientalWatchGroup (Accessed: August 31, 2022)
14. Stelux Holdings Limited (2022) official website Available at:
<http://www.stelux.com/eng/ir/profile.php> (Accessed: August 31, 2022)
15. SHOBHIT SETH (2022) definition Available at:
<https://www.investopedia.com/terms/q/quickratio.asp> (Accessed: August 31, 2022)
16. Yahoo (2022) Stock Market Available at:
<https://finance.yahoo.com/quote/0398.HK/> (Accessed: August 31, 2022)
17. Oriental Watch Holdings Limited (2022) official website Available at:
<https://www.orientalwatch.com/> (Accessed: August 31, 2022) S. Ross (1977), “The Determination of Financial Structure: The Incentive-Signaling Approach, Bell”, Journal of Economics, Vol. 5 (Spring), 23-40

9.0 APPENDIX

Appendix 1

At 31 March 2021 於二零二一年三月三十一日			2021 二零二一年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
		Notes 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	15	208,112	213,034
Right-of-use assets	使用權資產	16	334,082	287,779
Deposits for acquisition of property, plant and equipment	收購物業、機器及設備之按金		9,261	3,591
Interests in associates	佔聯營公司之權益	17	66,362	63,981
Interest in a joint venture	佔一間合營公司之權益	18	26,256	24,239
Equity instruments at FVTOCI	按公平值計入其他全面收益之股本工具	19	4,525	3,211
Debt instruments at FVTOCI	按公平值計入其他全面收益之債務工具	20	8,645	9,680
Loans receivables	應收貸款	23	41,957	—
Deferred tax assets	遞延稅項資產	29	4,015	5,153
Property rental deposits	物業租金按金		25,539	24,186
			728,754	634,854
Current assets	流動資產			
Inventories	存貨	22	622,768	798,693
Loans receivables	應收貸款	23	17,095	—
Trade and other receivables	貿易及其他應收賬款	24	286,023	112,755
Equity investments at fair value through profit or loss ("FVTPL")	按公平值計入損益之股本投資	21	6,036	15,871
Debt instruments at FVTOCI	按公平值計入其他全面收益之債務工具	20	—	7,486
Taxation recoverable	可退回稅項		5,534	7,330
Bank balances and cash	銀行結餘及現金	25	1,061,320	936,632
			1,998,776	1,878,767
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付賬款	26	287,370	86,774
Contract liabilities	合約負債	26	4,502	4,366
Lease liabilities	租賃負債	27	85,651	101,663
Derivative financial instruments at FVTPL	按公平值計入損益之衍生金融工具	17	14,000	—
Taxation payable	應付稅項		43,425	12,237
Bank loans	銀行貸款	28	17,525	5,667
			452,473	210,707

FI專欄 | 疫後零售租金趨勢 星洲跑贏香港？ | Rochelle Au



Fortune Insight

發布於 05月29日11:54 • Fortune Insight

追蹤



FI專欄 | Rochelle Au

疫後零售租金趨勢 星洲跑贏香港？

新冠疫情自2020年初爆發以來，香港政府多番收緊防疫措施，衝擊多個行業。其中香港零售業首當其衝，根據政府統計處公布3月零售業銷售跌幅為13.8%。縱使疫情放緩，政府亦再發放一輪消費券，但重擊過後的零售租務仍然未完成恢復。

四大核心區的租務情況未見起色，中環、銅鑼灣、尖沙咀及旺角仍湧現大量吉舖或短期散貨店，租金依然持續受壓，業主唯有減租吸引租客。五月中旬，旺角西洋菜南街有空置近4年的地舖終以11萬月租獲承接，平均呎租約122元。上手租客為韓國化妝品品牌，當時租金為34萬，平均呎租約377元，4年間租金急挫67%。

商場情況雖然未見起色，但租金依然持續受壓，各個零售店舖亦因租金壓力而面臨經營困難。



Appendix 4

高難度	
	港幣300,000以上
	完全客製化
	完全客製化
	完全客製化
	高
	高 / 容易
	不限制 / 完全客製化
	完全SEO客製優化
	有
	不限制
	包括在合約期內

Appendix 5

1/08/2022, 14:06

商業裝修攻略 | 開零售業舖、開餐廳食肆、開辦公室裝修及設計須知 | 好師傅 Codeco.hk | 好師傅

0/



<https://codeco.hk/zh-tw/cases/338/>

海仔餐廳，實收7,000，裝修費650萬 (<https://codeco.hk/zh-tw/cases/338/>)

5. 市場平均價格參考

由於不同的裝修 (/zh-tw/) 要求與樓宇本身狀態，都會大大影響裝修 (/zh-tw/) 費用，下面所列的裝修 (/zh-tw/) 價格僅提供一個粗略參考。

商業裝修 (/zh-tw/) 市場價格	
辦公室裝修 (/zh-tw/)	約 \$ 400 - 1200 / 平方呎*
零售店裝修 (/zh-tw/) (餐廳除外)	約 \$ 200 - 1,000 / 平方呎*
餐廳裝修 (/zh-tw/)	平均約 \$ 500 至 1,200 / 平方呎*

*一般面積越大，平均裝修 (/zh-tw/) 費呎價會越低

[tps://codeco.hk/zh-tw/renovation/101/136/](https://codeco.hk/zh-tw/renovation/101/136/)