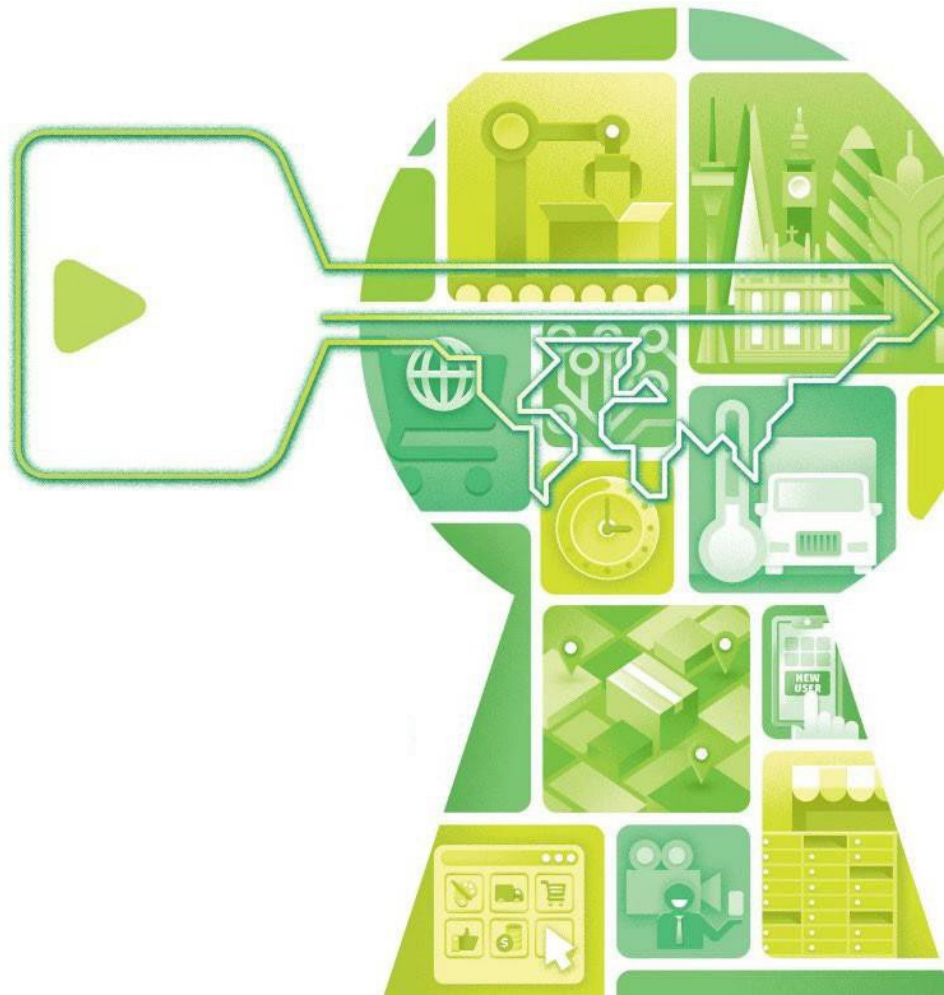




**Hong Kong Technology Venture
Company Limited**
(Stock code: 1137)

Annual Results
for the period ended 31 Dec 2022

29 Mar 2023





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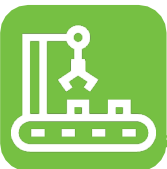
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Group Financial Review

Alice Wong
Group Chief Financial Officer



Highlight for 2022

2022

A Challenging Year

- **Volatile business performance** – achieved a record high February 2022 with GMV on order intake of **HK\$854mn**, but also experienced low seasons with GMV recorded at only **HK\$613mn** in May 2022
- **Challenges** on our **execution and fulfilment resources** to cope with this business opportunity
- Reconfirm our **determination** to continue **investing in Fulfilment Infrastructure** and **New Venture projects** for a sustainable future

2022

A Remarkable Year

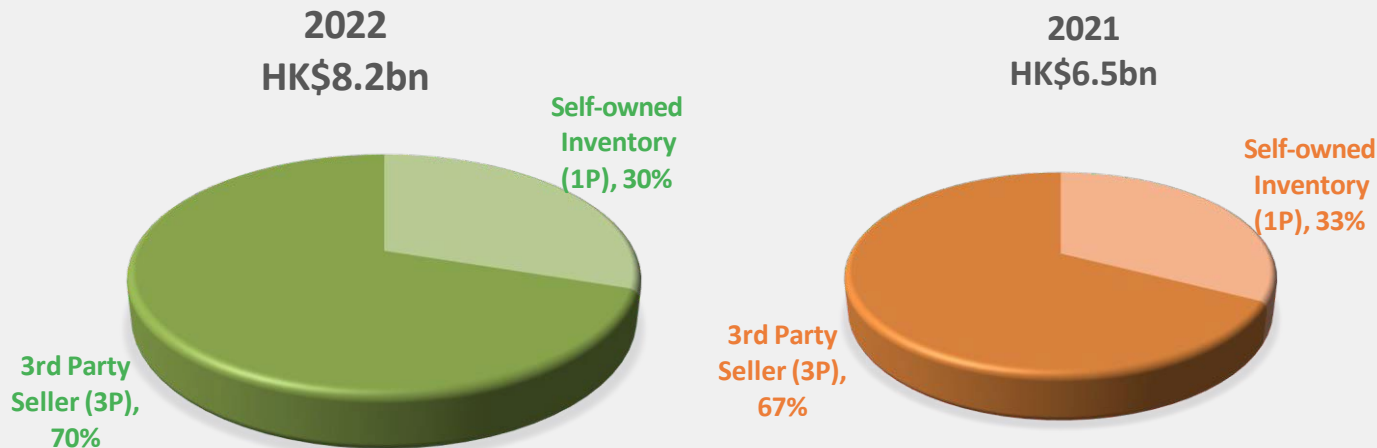
- The 3rd consecutive year achieved profitable results
- Better than market performance – our 2022 GMV on Order Intake is **25.9%** higher than that of 2021 versus 0.9% decline in the Hong Kong retail market
- Ecommerce Adjusted EBITDA margin attained at **4.9%** (2021: 2.3%)



Ecommerce: Matured Online Landlord Model Driving for GMV Growth and Margin Improvement

30% vs. 70% Complementary 1P and 3P Business Model

(As a % on GMV on Completed Orders)



70% GMV from 3rd Party Sellers
for (1) increasing the breadth and depth of product varieties and (2) net margin improvement

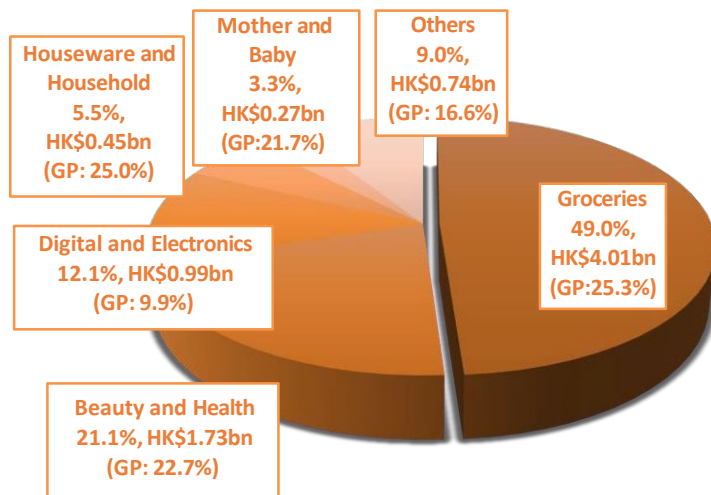


HK's leading Online Shopping Mall

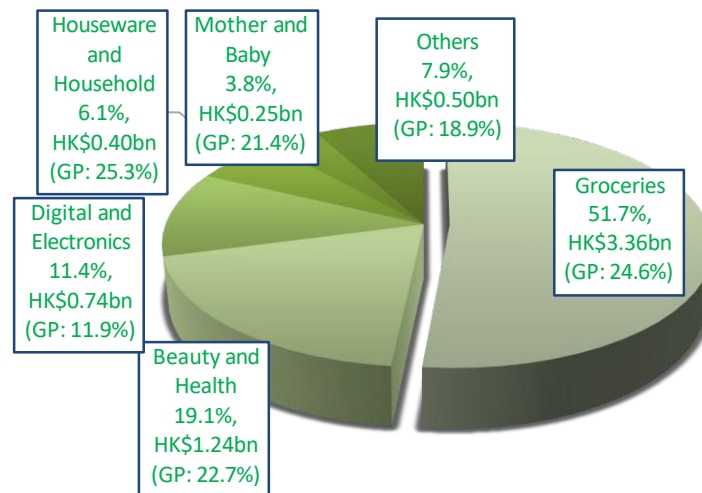
Solid Traffic Driver from Solid Groceries Base

- ✓ Groceries to drive traffic for expanding customer base
- ✓ Multi-Categories products cross-selling for all-rounded Repeated Purchases
 - ✓ Across the line GMV growth on all product categories, in particular on Beauty and Health, and Digital and Electronics, with 39.5% and 33.8% increment respectively comparing to 2021

2022 GMV on Completed Orders: HK\$8.2 bn



2021 GMV on Completed Orders: HK\$6.5 bn





Consolidated Income Statement – Group

	2022 HK\$'M	2021 HK\$'M	Variance HK\$'M	%
GMV on Order Intake	8,276.2	6,573.1	1,703.0	25.9%
GMV on Completed Orders	8,188.1	6,494.6	1,693.5	26.1%
Turnover - Ecommerce business	3,863.2	3,201.9	661.3	20.7%
Turnover - Technology business	5.4	0.9	4.5	500.0%
	3,868.6	3,202.8	665.8	20.8%
Cost of inventories	(1,819.5)	(1,575.1)	(244.4)	15.5%
Operating expenses	(1,909.3)	(1,674.9)	(234.3)	14.0%
Valuation gains	0.7	16.1	(15.5)	-96.0%
Other income, net	15.5	47.1	(31.6)	-67.1%
Finance costs	(13.6)	(9.9)	(3.7)	37.3%
Profit before taxation	142.4	6.1	136.3	2233.8%
Income tax credit	69.8	8.2	61.7	755.3%
Profit for the year	212.2	14.3	197.9	1387.5%
Profit margin (%)	2.6%	0.2%	2.4%	
EBITDA	255.2	116.8	138.4	118.5%
EBITDA/ GMV on completed orders (in %)	3.1%	1.8%	1.3%	
Adjusted EBITDA	316.4	112.7	203.7	180.6%
Adjusted EBITDA/ GMV on completed orders (in %)	3.9%	1.7%	2.1%	

Remark:

- Government subsidies of \$18.7mn and write-off of receivables and other contract costs, net for Technology and Ecommerce Business of \$16.3mn were included in 2022 profit for the year and EBITDA while none was recorded in 2021.
- Adjusted EBITDA means EBITDA adjusted by major non-cash items, excluded non-recurring items such as government subsidies and write-off of receivables and other contract costs, net.



Consolidated Income Statement – HKTVmall

Dynamic Fulfilment and Marketing Investment

On cost basis without inter-segment charges

	2022 HK\$'M	2021 HK\$'M	Variance HK\$'M	in %
Adjusted EBITDA	344.0	112.6	231.4	205.5%
Inter-segment royalties charges for use of Ecommerce Solution provided by Technology segment	124.9	95.5	29.3	30.7%
Technical expenses not qualified for capitalization which was incurred for eCommerce business development	(71.6)	(58.1)	(13.5)	23.1%
Ecommerce business adjusted EBITDA (at cost basis)	397.3	150.0	247.3	164.8%
Adjusted EBITDA margins as a % of GMV on completed orders	4.9%	2.3%		2.5%

Remark:

2021 included promotional coupon expenses of HK\$86.6 million incurred for \$350/\$500 eGift Voucher Program launched in 2H2021.

HKTVmall ~26% Growth on Ecommerce Gross Contribution

Stable Blended Margin + Rising Multimedia Advertising Income



On Completed Orders and Adjusted Basis	2022 HK\$'000	2021 HK\$'000	Variance HK\$'000	%
Direct merchandise sales ("1P")				
GMV on completed orders ¹	2,465,635	2,117,536	348,099	16.4%
Cost of Inventories	(1,819,490)	(1,575,052)	(244,438)	15.5%
Gross profit	646,145	542,484	103,661	19.1%
Gross margin %	26.2%	25.6%		
Income from concessionaire sales and other service income ("3P")				
GMV on completed orders	5,722,502	4,377,057	1,345,445	30.7%
Merchant payments (net off by annual fee, delivery and other service income) ²	(4,456,562)	(3,383,393)	(1,073,169)	31.7%
Income from concessionaire sales and other service income	1,265,940	993,664	272,276	27.4%
Blended commission rate	22.1%	22.7%		
Total GMV on completed orders	8,188,137	6,494,593	1,693,544	26.1%
Total gross profit and income from concessionaries sales and other income	1,912,085	1,536,148	375,937	24.5%
Blended GP/commission rate	23.4%	23.7%		
Multimedia advertising income and licensing of programme rights	131,630	90,667	40,963	45.2%
Gross Contribution from Ecommerce business segment	2,043,715	1,626,815	416,901	25.6%
Gross margin % (including multimedia advertising income and licensing of programme rights)	25.0%	25.0%		
Income from Technology business segment	5,357	893	4,464	500.0%
Gross Contribution from Ecommerce and Technology business segment	2,049,072	1,627,708	421,365	25.9%

Blended Gross Margin (before multimedia advertising income):
23.4% (2021: 23.7%)

IP Gross Margin: 26.2%
(2021: 25.6%)

3P Blended Commission Rate: 22.1%
(2021: 22.7%)

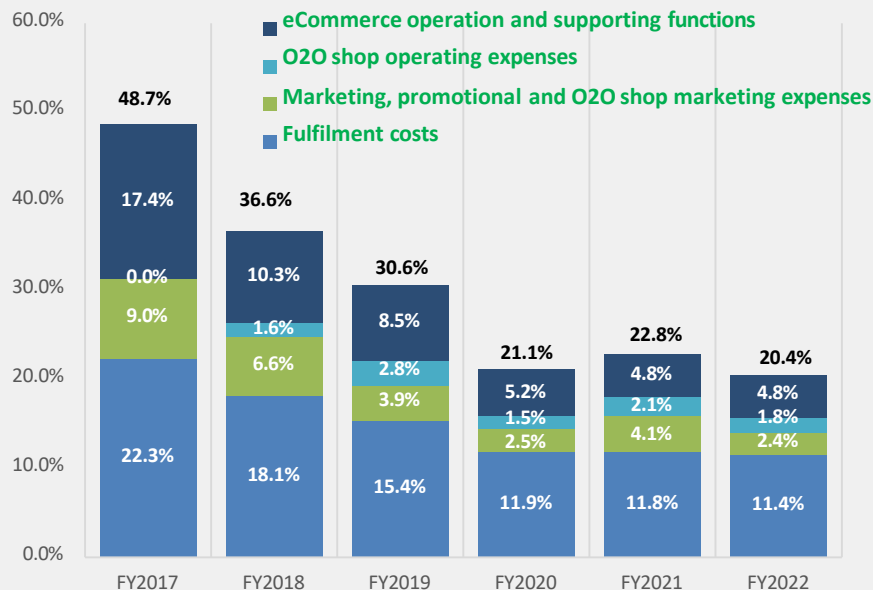
Multimedia Advertising Income
~ 45% growth reaching HK\$131.6mn
(1.6% of GMV on completed orders
(2021:1.4%))

Remarks:

- For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK\$718,000 (2021: HK\$1,839,000) and use of promotional coupon of HK\$39,297,000 (2021: HK\$68,503,000).
- For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK\$496,000 (2021: HK\$2,254,000) and included merchant annual fee amortisation and other service income.



Ecommerce: Increasing Operating Leverage



Ecommerce Key Operating Costs Structure

*Marketing, promotional and O2O Shop Marketing Expenses included those HKTVmall Dollars & promotional coupon deducted under Turnover in annual report disclosure and restated to include interest on lease liabilities

**Cost % for 2019 to 2021 is slightly adjusted to include the interest on lease liabilities under HKFRS 16 which is grouped under finance costs in the consolidated income statement.

Key Operating Expenses



	As a % of GMV on completed orders	2022 HK\$'mn	As a % of GMV on completed orders	2021 HK\$'mn	Variance HK\$'mn	in %
Fulfilment costs (note 1)	11.4%	932.3	11.8%	767.3	165.0	21.5%
Marketing, promotional and O2O shop marketing expenses	2.4%	193.1	4.1%	265.8	(72.7)	-27.3%
O2O shop operating expenses (note 2)	1.8%	146.2	2.1%	136.4	9.8	7.2%
Ecommerce operation and supporting functions	4.8%	393.5	4.8%	310.5	83.0	26.7%
Ecommerce business key operating expenses	20.4%	1,665.0	22.8%	1,480.0	185.0	12.5%
Technology business key operating expenses (note 3)		73.7		41.6	32.1	77.2%
Unallocated segment operating expenses (note 4)		46.2		19.3	26.9	139.5%
Total key cash operating expenses		1,785.0		1,540.9	244.1	15.8%
Non-cash items (note 5)		137.3		143.3	(6.0)	-4.2%
Sub-total		1,922.2		1,684.2	238.0	14.1%
Less: Marketing promotional and O2O shop operating expenses deducted in turnover		(40.5)		(72.6)	32.1	-44.2%
Less: interest on lease liabilities included in finance costs		(13.1)		(9.3)	(3.8)	41.1%
Total other operating expenses under management reporting purpose	22.8%	1,868.7	24.7%	1,602.3	266.4	16.6%

1. Including depreciation — other properties leased for own use of HK\$64.1million (2021:HK\$54.8million) and interest on lease liabilities of HK\$8.3million (2021:HK\$7.4million).
2. Including depreciation — other properties leased for own use of HK\$74.8million (2021:HK\$61.0million) and interest on lease liabilities of HK\$2.6million (2021:HK\$1.9million)
3. Including depreciation — other properties leased for own use of HK\$4.6million (2021:HK\$2.2million) and interest on lease liabilities of HK\$0.4million (2021:nil)
4. Including depreciation — other properties leased for own use of HK\$5.6million (2021:HK\$1.5million) and interest on lease liabilities of HK\$1.8million (2021:nil)
5. Excluded depreciation — other properties leased for own use of HK\$149.2million (2021:HK\$119.5million)

Key Operating Expenses



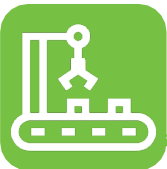
- **Fulfillment costs** : Increased by \$165.0M mainly due to
 - Full year effect from new fulfillment center added in July 2021 for cold storage and O2O shop inventory replenishment capacities
 - Additional use of daily rate manpower and outsource service providers in 1H2022 due to significant increase in orders especially during the 5th wave of COVID-19 pandemic.
 - Nevertheless, increase in average daily orders from 39,000 in 2021 to 49,500 in 2022 has improved the operational efficiency resulting in total fulfillment costs % decreased to **11.4% of GMV on completed orders in 2022** (2021: 11.8%).
- **Marketing, promotional and O2O shop marketing expenses:**
 - CRM driven marketing activities in 2022. Decreased spending was mainly due to \$86.6M incurred for the “\$350/\$500 eGift Voucher Program” in 2021 and no such large scale promotional campaign was conducted in 2022
 - Including the \$40.5M (2021: \$72.6M) Mall Dollars granted and promotional coupons used which was deducted in Turnover under Annual Report disclosure, total expenses accounted for **2.4% of GMV on completed orders** (2021: 4.1%).
- **O2O shop operating expenses** :
 - Accounted for **1.8% of GMV on completed orders** (2021: 2.1%). Number of O2O shop network were 93 in December 2022 (including 5 mega stores) vs 93 in December 2021 (including 1 mega store).
- **Ecommerce operation and supporting functions:**
 - Increased by HK\$83.1 million to HK\$393.6 million, while the costs % **remained at 4.8% of GMV on completed orders in 2022** and 2021 as a result of efficiency gained from enlargement of GMV on completed orders.
- **Technology business key operating expenses:**
 - Increase mainly due to (1) write off of receivables and other contract assets unable to deployed to business use (net) of \$13.6M as a result of ceased ESEE operations; (2) Full year effect from additional costs incurred for set-up and expansion of Taiwan and UK operations in 2021.
- **Unallocated segment operating expense:**
 - Mainly represented the expenses of head office and corporate expenses not allocated to Ecommerce business or Technology business, including ListCo operations, and other new venture start up projects including Everuts and 3PL service.

Consolidated Statement of Financial Position

Strong Liquidity with Investment in Other Financial Assets and Cash Balance of HK\$1.05bn



	Dec-22 HK\$'000	Dec-21 HK\$'000	Variance HK\$'000	in %
Property, plant and equipment	1,377,003	1,238,785	138,218	11.2%
Other properties leased for own use	594,548	513,018	81,530	15.9%
Intangible assets (HKBN Network IRU and telecom facilities)	38,735	46,546	(7,811)	-16.8%
Intangible assets (qualified R&D costs)	64,474	24,797	39,677	160.0%
Other financial assets (Fixed income and Equity investment)				
Non-current	292,791	268,733	24,058	9.0%
Current	51,742	175,305	(123,563)	-70.5%
Other receivable, deposits and prepayments	268,369	225,296	43,073	19.1%
Inventories and other contract costs	144,791	129,614	15,177	11.7%
Cash and cash equivalents	705,807	624,247	81,560	13.1%
Deferred tax assets	81,252	9,952	71,300	New
Total Assets	3,619,512	3,256,293	363,219	11.2%
Accounts payable	354,627	254,004	100,623	39.6%
Other payables and accrued charges	444,277	411,843	32,434	7.9%
Deposits received	5,757	5,757	(0)	0.0%
Lease liabilities	604,493	522,030	82,463	15.8%
Deferred tax liabilities	1,566	1,391	175	12.6%
Total Liabilities	1,410,719	1,195,025	215,694	18.0%
NET ASSETS	2,208,792	2,061,268	147,524	7.2%
Share capital	1,800,972	1,774,173	26,799	1.5%
Reserve	407,820	287,095	120,725	42.1%
TOTAL EQUITY	2,208,792	2,061,268	147,524	7.2%



Value and Direction

Value of HKTV Group

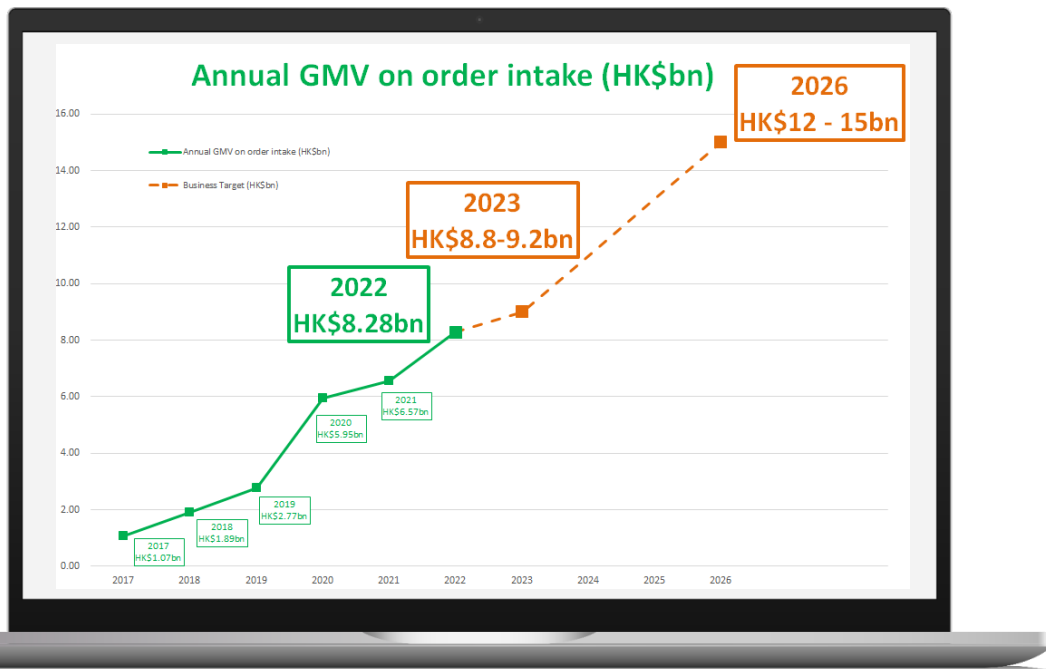
- ✓ **Continuously striving for the best in life**
- ✓ **Always something new**
- ✓ **Make everything possible**

Group Direction

- We will continue our strategy to **use technology** to change the landscape of various industries in and beyond Hong Kong
- Going forward, we may also explore new venture projects that may not be related to retail or eCommerce industry



Hong Kong Ecommerce Business - Our Mid Term Target by 2026



The GMV on Order Intake for FY2022 is concluded slightly above the updated target by approximately **3.5%**

Our mid-term target to generate GMV on Order Intake of **HK\$12.0 bn to HK\$15.0 bn by 2026** (representing approximately **3.4% to 4.3%** of Hong Kong Total Retail Sales Value¹).

1. Source: Report on Monthly Survey of Retail Sales, January 2023, published by the Census and Statistics Department, The Government of Hong Kong Special Administrative Region



2023 Business Targets

– Remain Cautious on Volatile Capital and Business Environment

Hong Kong Ecommerce Business – 2023 Business Targets

GMV on Order Intake

HK\$8.8bn to HK\$9.2bn

y-o-y growth by 6.3% - 11.1%, subject to Hong Kong retail sector growth of 0% to 5% in 2023

2022 Actual:
HK\$8.28bn

Multimedia Advertising Income

HK\$156.0mn

HK\$115.0mn commitment had received

2022 Actual :
HK\$131.6mn

Blended Gross Margin and Commission Rate

24.0% - 24.5%

before including Multimedia Advertising Income

2022 Actual:
23.4%

Adjusted EBITDA

5.0% - 5.5%
(~HK\$440mn to HK\$506mn)

with dynamic resources allocation between different OPEX items

2022 Actual:
4.9%

New Ventures

Adjusted EBITDA Loss

HK\$140mn

will closely monitor the new venture projects and perform a full review in 2 years' time to redefine the next move

- Maintain positive view on growing number of online customers, purchase frequencies and product categories purchased at HKTVmall
- Expect some purchasing power to shift from high value products to low value products given the challenges of local economy and household disposable income



2023 Business Targets

– Remain Cautious on Volatile Capital and Business Environment

Hong Kong Ecommerce Business – 2023 Business Targets

Fulfilment Costs %

11.0% - 11.2%

2022 Actual: 11.4%

Marketing, Promotion and O2O Shop Marketing Expenses

2.1% - 2.8%

2022 Actual : 2.4%

O2O Shop Operating Expenses

2.2% - 2.4%

2022 Actual: 1.8%

Ecommerce operational and supporting costs*

4.8% - 5.0%

2022 Actual: 4.8%

*Ecommerce Operation and Supporting Costs, include technical costs incurred for HKTVMall technical development and other supporting departments costs (after costs allocated to Technology business segment for shared supporting services)

Ecommerce Business Overview

Jelly Zhou

Chief Executive Officer (Hong Kong)

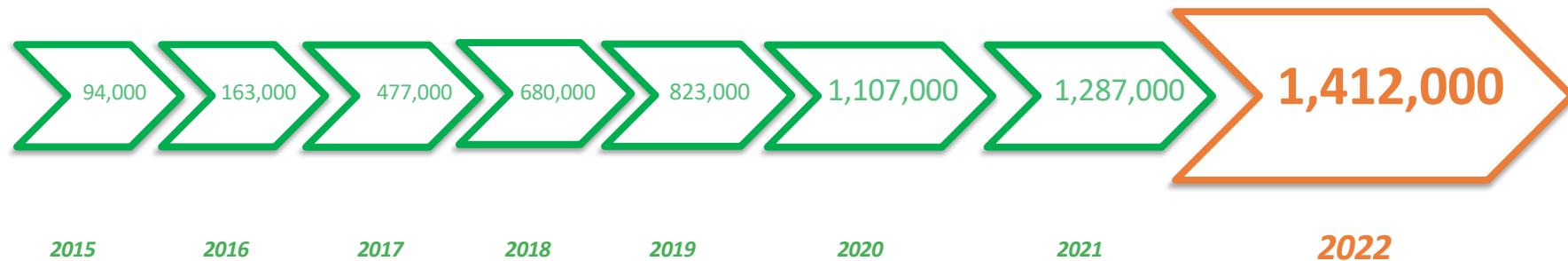


Solid Foundation on Customer Base

Supporting New Initiative Launch & Further Expanding Business Scope

Combined Unique Customers

(rounded to the nearest thousand)





Purchase Behavior Change is Structural

- Quarterly Average Purchase **Frequency** per Customer:

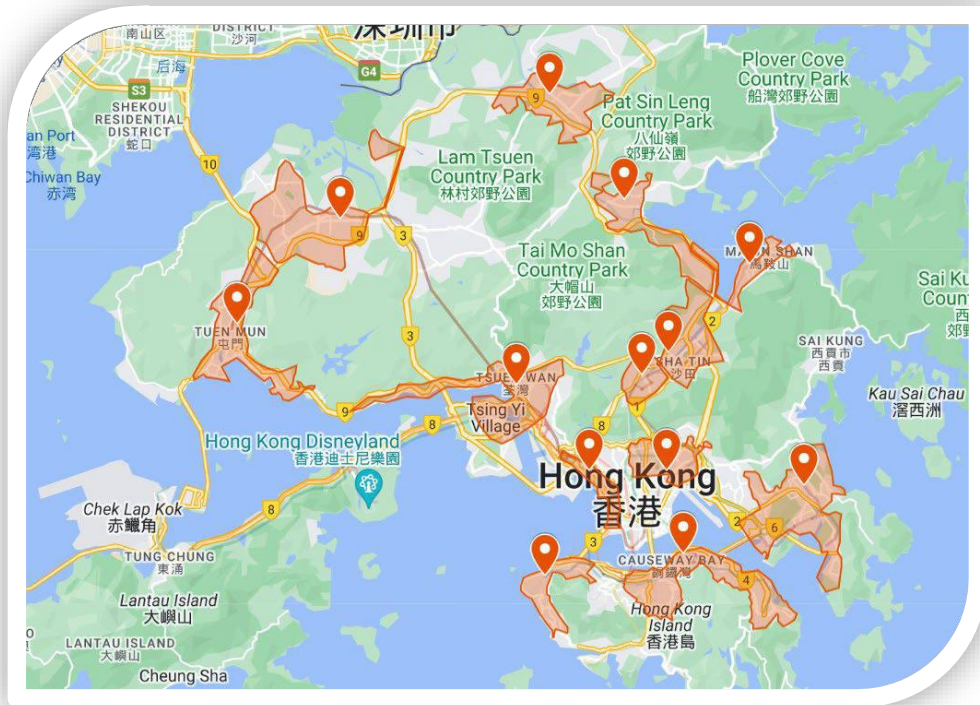


- Average Main Category Purchased Per Customer increased from 2.39 in Q4 2018 to **2.97 in Q4 2022**



Wet Market Express – A New Uncontested Business Opportunity

- Total Estimated Market Size: **\$15B** per Annum*
- A huge potential to grow new customer segment, as well as extending product choices to existing customers



Cover **9 wet markets** currently mainly in New Territories

MORE delivery areas are under pipeline :

- Kowloon
- HK Island

In total 13 wet markets covering **~75%** of HKTVmall customer base in 2023



Wet Market Express – Converting Offline Shoppers to Online



1. Display with **stall outlook** & **live shooting of product choices** to simulate shopping environment in Wet Market
2. **> 500 SKUs** are sold at the same price as Wet Markets
3. Daily average orders at 260 in Dec 2022, average basket size at \$350

HKTVLive



Connect to shop sales directly, enhancing 2-way interaction by “Zoom-like” selling activities

Easy for customer check out with direct payment link

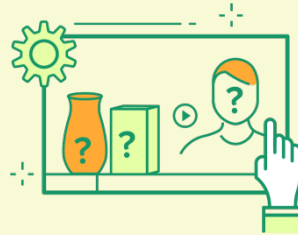


Phase 1 supports **70+** concurrent interactive channels, including both sales and content related programs

Official Launch in **May 2023**



**Merchant's own video
selling tools up to**
24 hours a day,
7 days a week



**Ideal for retail
merchants** with
existing shops with
no extra setup cost,
to utilize shop idle
time and salesmen



Minimal efforts to
upload price, quantity
& product code



\$1,000 Registration fee
3% Commission Rate
(Merchant Delivery)

Enhancing Local Delivery Service Pledge



To be Launched in

2H 2023

Order placed by

10pm

Noon (12pm)

Delivery Time

the NEXT morning

SAME DAY evening

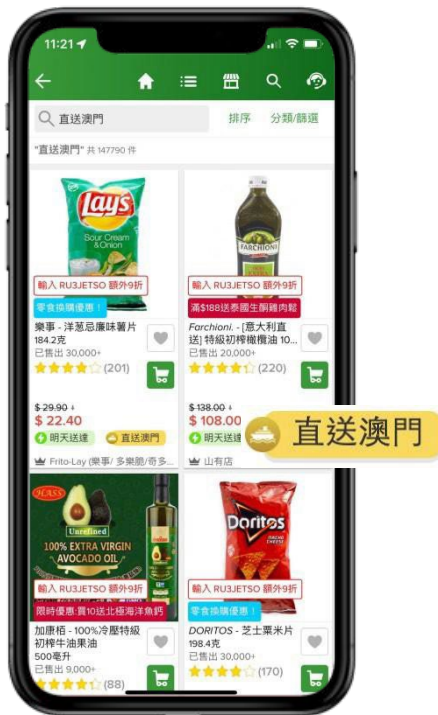
Apply to Warehouse and 3PL SKUs



**Prioritized search ranking
& Marketing supports for
eligible SKUs**



Delivery Expansion Outside Hong Kong



- A familiar and reliable platform for HK customers living outside Hong Kong
- Macau Launched and **UK to Launch in 2023 Q2**
- Competitive **UK shipping fee charge** (50% off from normal market price)
- Strengthen the bonding with HKTV customers and their families

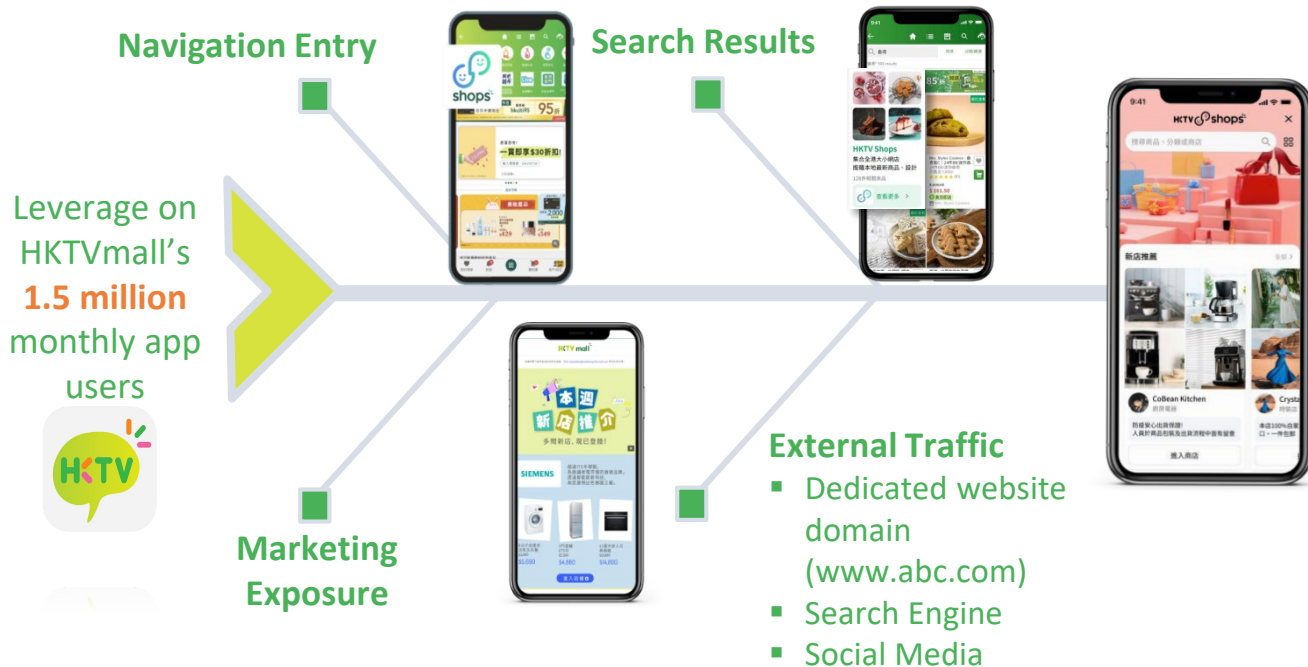
Launch of HKTVshops Solution



- To **acquire potential merchants** who cannot comply with existing HKTVmall business model
- To provide **more than an online store software service**
- Efficient store operation management with **one single system** for HKTVmall platform and official e-store
- Strong traffic diversion support



Strong and Stable Customer Traffic Diversion



■ Charging Mechanism*

- Annual Fee **\$1,999**

- Commission rate **4%**

■ Trial run in Apr and official launch in **July 2023**

* For registration on or before 30-Jun-2023



Brand New Credible Commerce Platform - Everuts



EVERUTS

New-found &
Credible eCommerce
Platform

First promote to HKTVMall's
1.5 million Hong Kong consumers,
then expanding to global
consumers in due course



500+
Registered
Personal Shoppers

- Connecting consumers who want to **purchase products internationally** with Personal Shoppers located at different locations
- Personal Shoppers around the globe will then purchase based on the customer's request on their behalf
- **1500+ individuals** eager to join

Steps Towards Eco-friendly eCommerce – Reducing **Plastic Consumption**



- We will also partner with our merchants to promote the reduction of plastic packing material

Technology & Solution Business Overview

Kenneth Lau
Chief Executive Officer (International Business)

Launch of 3PL Service



Storage & Replenishment



Pick & Pack



Delivery



**Fully automated WH to
reduce eCommerce
fulfillment cost**

Launch of 3PL Service



No warehouse setup cost;
Minimal labour &
fixed cost

Same-day delivery
capability



Enabling **364-day**
eBusiness Operations



Flexible on-demand
warehouse space



Launch of 3PL Service



Additional 144,000
square feet with
HK\$120 million CAPEX



Launch of 3PL Service



Competitive Charging Scheme



SKU tote
storage Fee



Replenishment
& Return Fee



Pick & Pack
Fee



2-6% of GMV
varies according
to SKU



TKO Expansion Plan 1



Target to complete by

Q2 2024

Additional **33,000 square feet** with HK\$210 million CAPEX

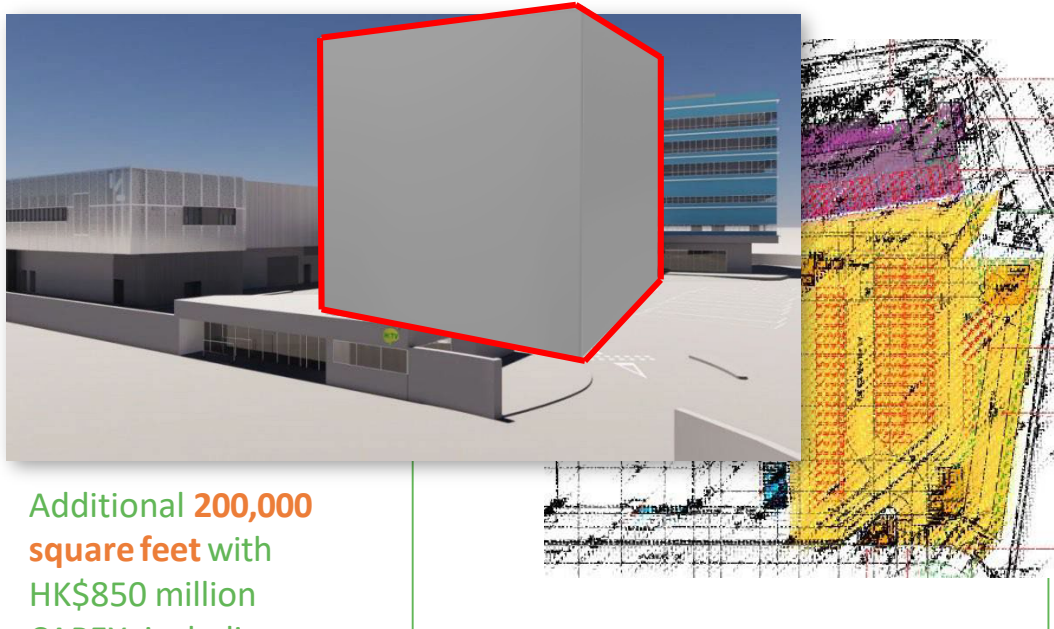


TKO Expansion Plan 2

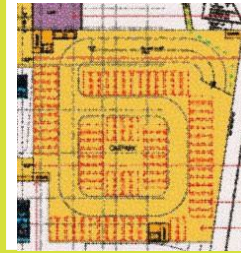


Target to complete by

2027



Additional **200,000 square feet** with HK\$850 million CAPEX, including construction and machinery



Expansion cover :
Carpark, loading and unloading area, canopy, etc.



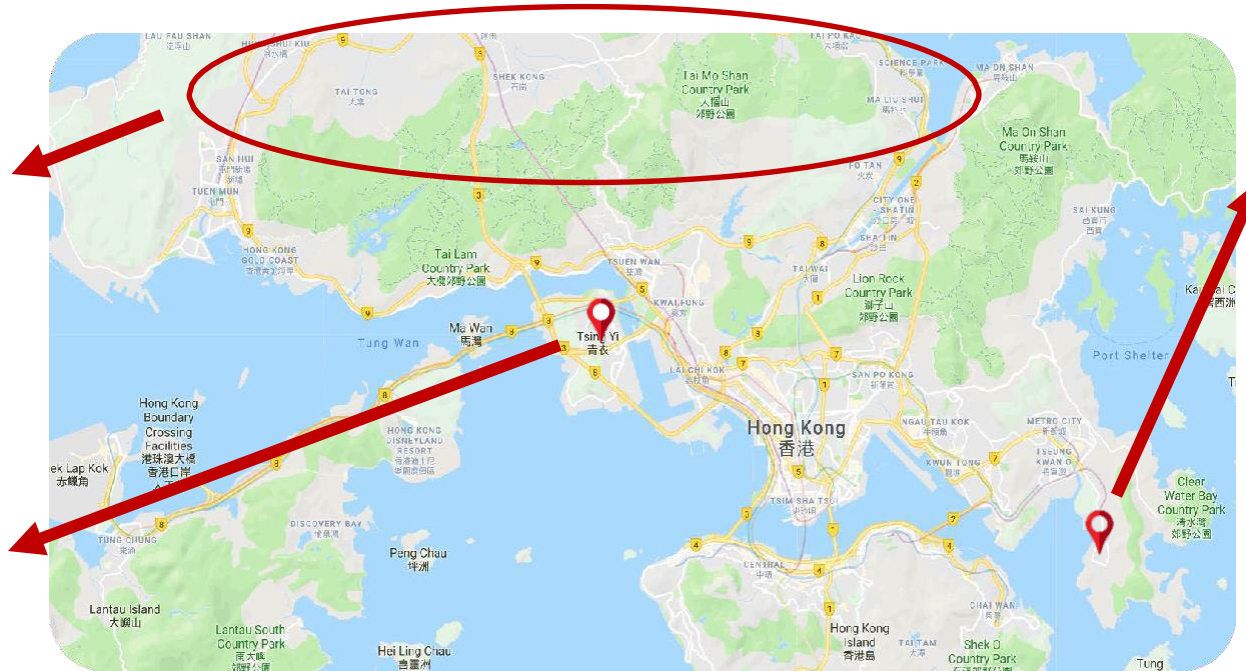
Approximately **170,000 square feet** for efulfillment, Expansion of 3PL

Long term development Capex



NT North area
New Depot &
efulfillment
facilities

By 2023
Mapletree 3/F
\$120 M
3PL services



By Q2 2024
TKO Phase 1
\$210 M
Sorting facility

By Q3 2024
TKO Phase 2
\$55 M
Loading unloading
Storage facility

By 2027
TKO Phase 3
\$850 M
Parking & 3PL



Appendix – Financial Review

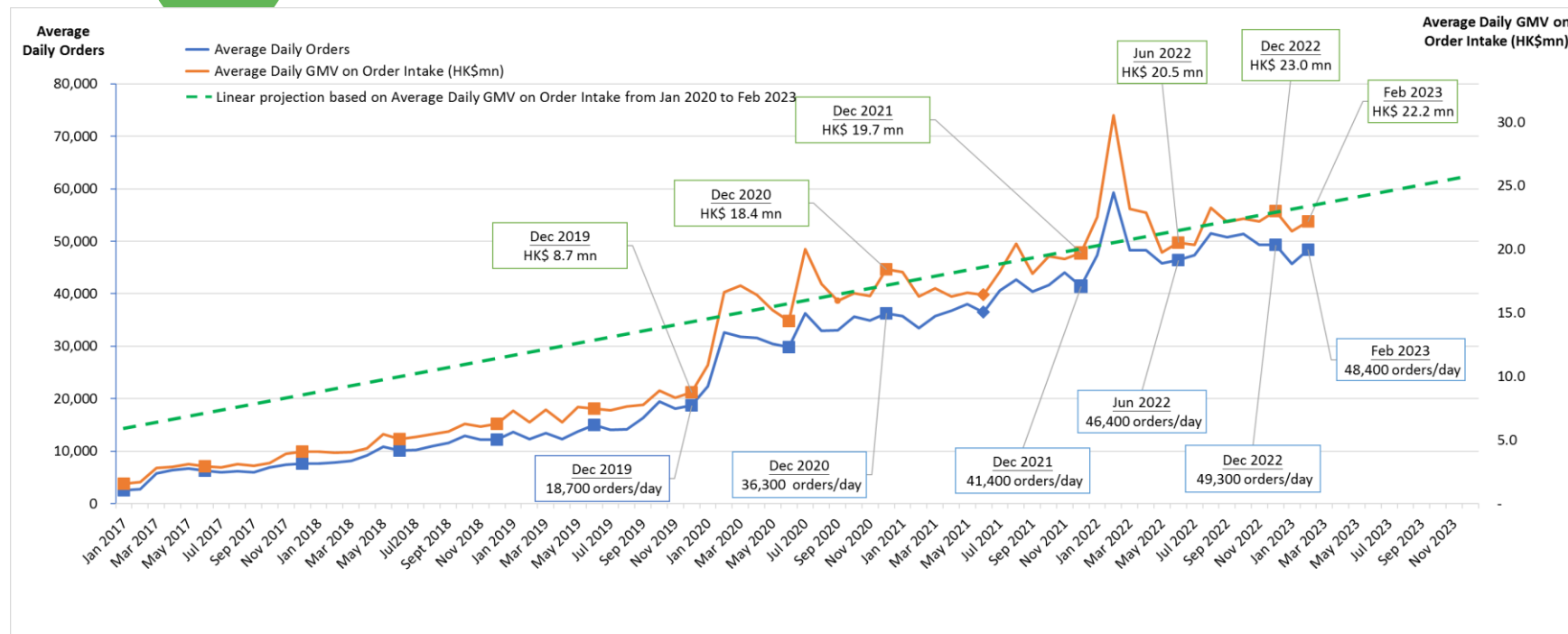


EBITDA means profit for the year plus interest on bank loans (excluded finance costs — interest on lease liabilities), income tax expense/(credit), depreciation on property, plant and equipment (excluded depreciation on other properties leased for own use) and amortisation of intangible assets and deduct investment returns. **Adjusted EBITDA** means EBITDA adjusted by major non-cash items and excluded the government subsidies and write-off of receivables and other contract costs, net. EBITDA and Adjusted EBITDA profit is not a measure of performance under Hong Kong Financial Reporting Standards (“HKFRSs”). This measure does not represent, and should not be used as a substitute for, net profit or cash flows from operations as determined in accordance with HKFRSs. This measure is not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definition of this measure may not be comparable to other similarly titled measures used by other companies

Gross Merchandise Value (“GMV”) on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.

GMV on completed orders represents the total gross sales dollar value for merchandise sold through a particular marketplace and the customer has obtained control of the promised goods and services ordered over a certain time frame, after deduction of any discounts offered by the marketplace, cancellation and returns of merchandise, and is before the deduction of certain HKTVmall dollars and promotional coupon which is considered as advertising and marketing expenses under management reporting purpose.

Sustainable Growth



Source: GMV on Order Intake and Average Daily Order – Internal platform and system

Gross Merchandise Value (“GMV”) on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.

Consolidated Income Statement (Per Annual Report Disclosure)



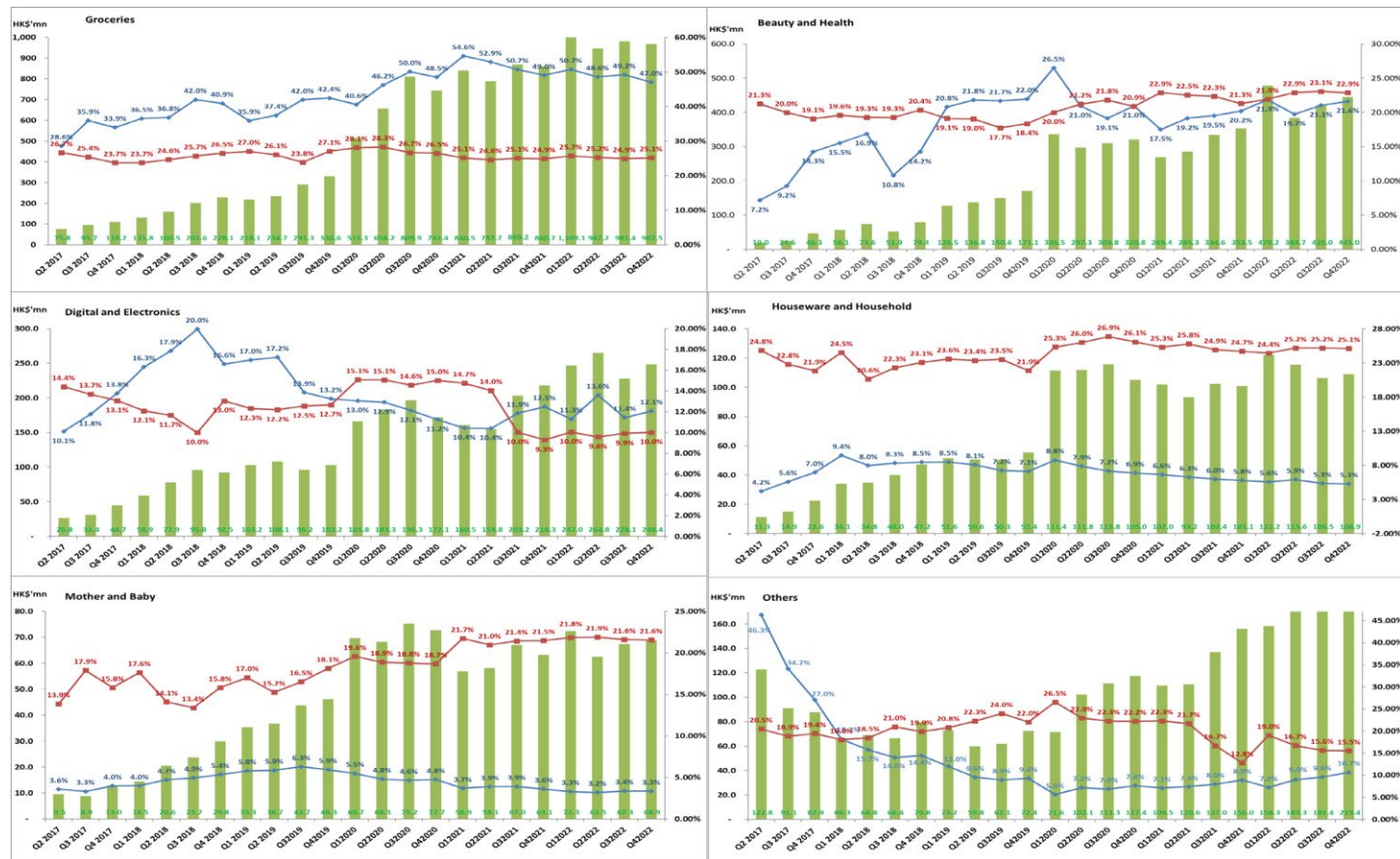
HKT Group (Per Annual Report disclosure)	2022 HK\$'M	2021 HK\$'M	Variance	
			HK\$'M	%
Average daily order - Group (number of order)	49,500	39,000	0.0	26.9%
Average order value - Group (HK\$)	458	462	(0.0)	-0.9%
-Direct Merchandise Sales ("1P") contribution	606.1	472.1	134.0	28.4%
-Sales (net of discount)	2,425.6	2,047.2	378.4	18.5%
-Cost of sales	(1,819.5)	(1,575.1)	(244.4)	15.5%
GP%	25.0%	23.1%		1.9%
-Commission from Concessionaire Sales ("3P") contribution	1,265.4	991.4	274.0	27.6%
-Sales (net of discount)	5,722.0	4,374.8	1,347.2	30.8%
-Payment to Merchants	(4,456.6)	(3,383.4)	(1,073.2)	31.7%
GP%	22.1%	22.7%		-0.5%
Multimedia advertising income and licensing of programme rights	131.6	90.7	41.0	45.2%
Gross Contribution from Ecommerce	2,003.2	1,554.2	449.0	28.9%
Gross Margin	24.6%	24.2%		0.4%
Technology business income	5.4	0.9	4.5	499.9%
Other income (excluded exchange (loss)/gain)	21.5	43.9	(22.4)	-51.0%
Valuation gain	0.7	16.1	(15.5)	-96.0%
Exchange (loss)/gain	(6.0)	3.2	(9.2)	-288.8%
Operating expenses	(1,868.7)	(1,602.3)	(266.4)	16.6%
Finance costs	(13.6)	(9.9)	(3.7)	37.3%
Profit before taxation	142.4	6.1	136.3	2250.0%
Income tax credit	69.8	8.2	61.7	755.4%
Profit for the year	212.2	14.2	198.0	1392.0%

Reconciliation of Adjusted EBITDA



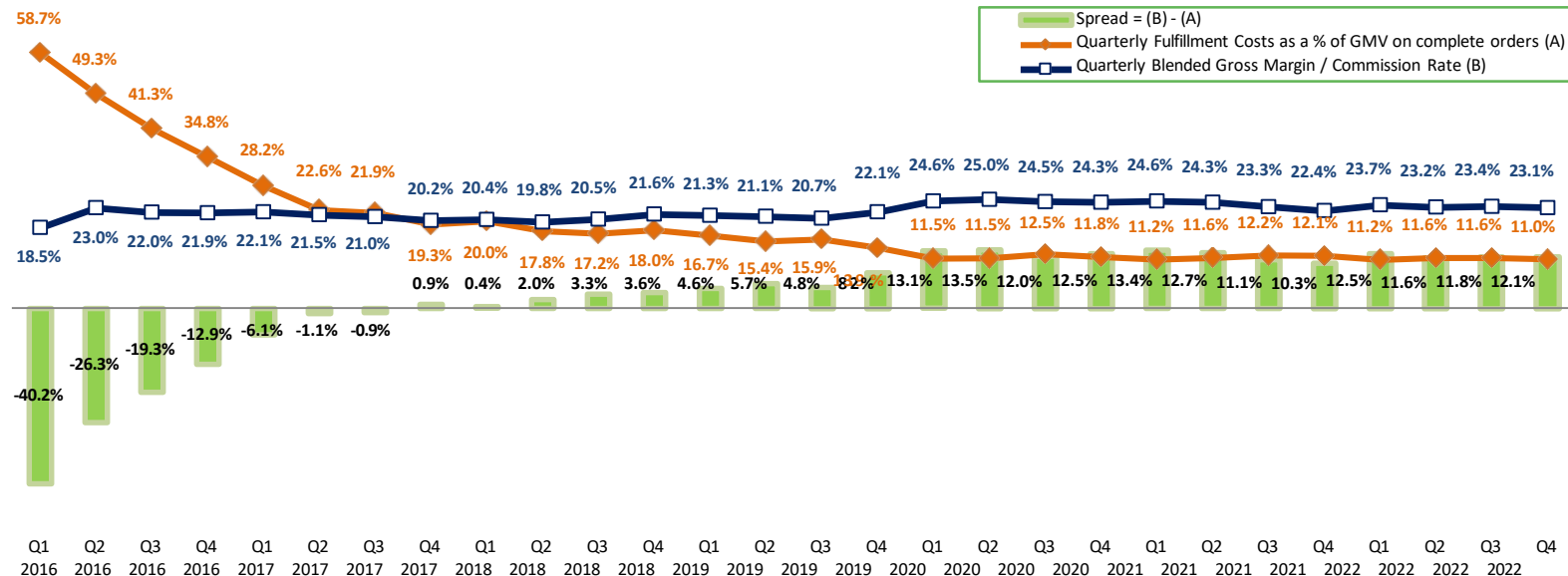
Reconciliation of EBITDA and Adjusted EBITDA	YTD 2021 HK\$'000	YTD 2021 HK\$'000	Variance HK\$'000	%
GMV on Order Intake	8,276,171	6,573,142	1,703,029	25.9%
GMV on Completed Orders	8,188,137	6,494,593	1,693,544	26.1%
Profit for the year	212,204	14,265	197,939	1387.6%
	2.6%	0.2%		
Income tax credit	(69,844)	(8,165)	(61,679)	755.4%
Investment returns	(22,171)	(19,898)	(2,273)	11.4%
Depreciation (excluded depreciation on other properties leased for own use)	122,162	116,405	5,756	4.9%
Amortisation on intangible assets	12,043	14,209	(2,166)	-15.2%
Amortisation on other contract cost assets	803	-	803	0.0%
EBITDA	255,197	116,816	138,380	118.5%
EBITDA/ GMV on completed orders (in %)	3.1%	1.8%		
Major non-cash items			-	0.0%
- Valuation gains on investment properties	(650)	(16,100)	15,450	-96.0%
- Exchange loss/(gain)	6,018	(3,188)	9,206	-288.8%
- Provision/(reversal) of expected credit loss on debt securities measured at FVOCI	42,247	(592)	42,839	-7234.6%
- Provision of expected credit losses on interest receivable	1,600	-	1,600	0.0%
- Written off of goodwill	-	897	(897)	-100.0%
- Write-off of receivables and other contract costs, net	16,295	-	16,295	0.0%
- Equity-settled share-based transactions	1,146	6,959	(5,813)	-83.5%
- Unrealised fair value loss on debt securities measured at FVPL	13,263	7,945	5,317	66.9%
- Government subsidies	(18,728)	-	(18,728)	0.0%
Adjusted EBITDA	316,388	112,738	203,650	180.6%
Adjusted EBITDA/ GMV on completed orders (in %)	3.9%	1.7%		

Trend on Gross Profit and Blended Commission Rate Performance



Disciplined Fulfillment Cost Control

Enable the Paradigm between Growth and Profit



Remarks

- Quarterly Fulfillment Costs as a % of GMV on complete orders included the interest on lease liabilities of HK\$10.1mn, HK\$7.4mn, HK\$5.9 and HK\$4.8mn for year 2022, 2021, 2020 and 2019 respectively under HKFRS 16 in relation to fulfillment centre, which is grouped under finance costs in the consolidated income statement.
- Quarterly blended gross margin/commission rate, in particular for 2021Q3 and 2021Q4 have absorbed the merchant incentive rebate for 2021 which yield to a lower rate.
- Blended Gross Margin / Commission Rate is calculated before deduction of HKTvmall Dollars and use of promotional coupon which is considered as advertising and marketing expenses under management reporting purpose, and net of Annual fee, delivery and other income.



Thank You