



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

Interim Results
for the period ended 30 June 2023

30 August 2023





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Figures generated from internal systems and relevant platforms, which were rounded up to nearest integral percentage or thousand, are unaudited and for reference only.

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Group Financial Review

Alice Wong
Group Chief Financial Officer



Highlight for 1H2023

Hong Kong Market

- **Below-expectation economic recovery**, in particular on Supermarket section (y-o-y decreased by 7.8%¹)
- **Prevailing high interest rate environment** on corporate and mortgage sectors
- Slow resumption of inbound tourism and private consumption
- Significant **surge in outbound travel**

HKTV Group

- Managed to **maintain profitable results plus well controlled operating expenses** despite unfavorable market condition
- **Strategic expansion on online visitor** (~ 1.6mn Monthly Active App Users²) and **customer base** (record high in May 2023 at 586,000 and even higher in July 2023 at 598,000) to drive long-term growth
- Reaffirm our determination and direction to use **Technology** to continue investing in **Fulfillment Infrastructure and New Venture projects** to diversify our revenue base for sustainable future

1. Source: https://www.censtatd.gov.hk/en/web_table.html?id=620-67002

2. Monthly active App user data is extracted from Google Analytics and rounded to the nearest thousand, the computation method and basis of which have not been verified. In general, the data for App users could be overlapping if the user reinstalls HKTVMall Main App or Lite App on the same device or amends the advertising ID of its device, or uses multiple devices, or uses both HKTVMall Main App and Lite App in the same month. The information for the same period can be changed at different points of time when capturing the data as Google Analytics performs the analysis on a sampling basis. According to Google Analytics, "active user" is defined as the unique user who initiated sessions on the App within the selected date range.



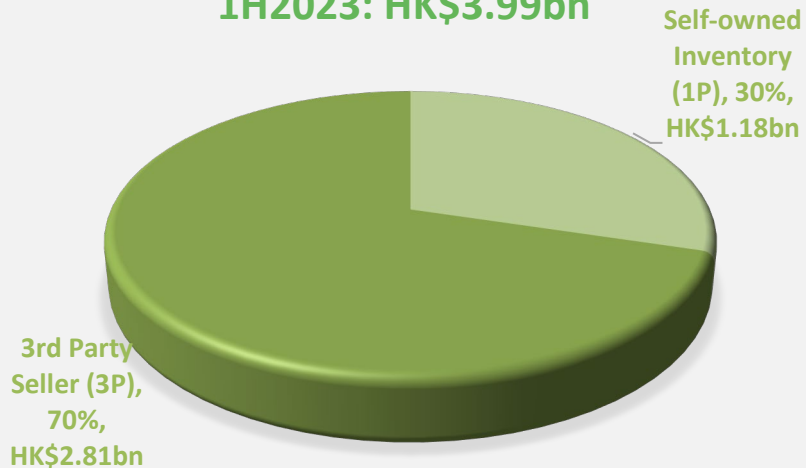
HKTVMall: Matured Online Landlord Model

Expansion on Share of Customer Wallet and Margin Improvement

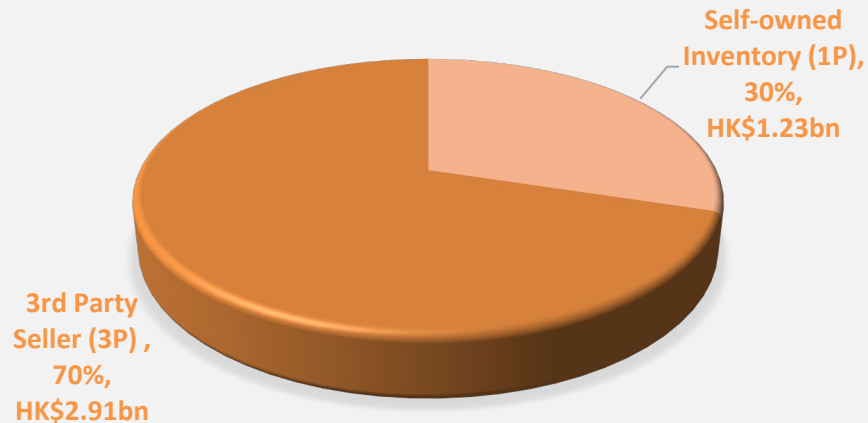
30% vs. 70% Complementary 1P and 3P Business Model

(As a % on GMV on Completed Orders)

1H2023: HK\$3.99bn



1H2022: HK\$4.14bn



70% GMV from 3rd Party Sellers
for product varieties and net margin improvement

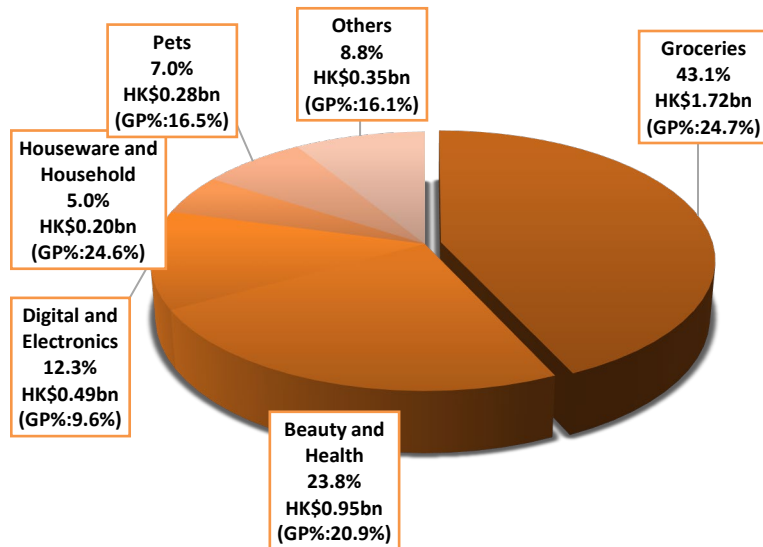


Hong Kong's Leading Online Shopping Mall

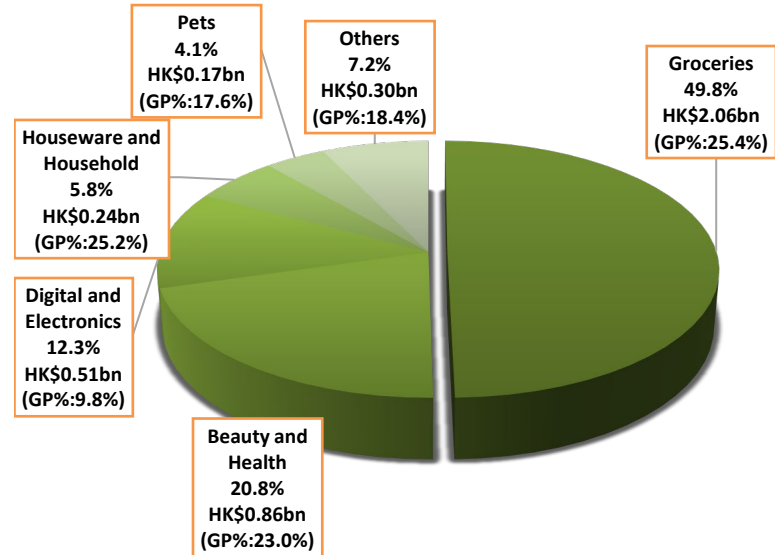
A Solid Groceries Base: A Powerful Traffic Generator

- ✓ Groceries to drive traffic for expanding customer base
- ✓ Increasing Multi-Categories product choices empower cross-selling for all-rounded Repeated Purchases
- ✓ Pets attributed to 7% of the total GMV on completed orders being the new Top 4th Main Product Category

1H2023 GMV on completed orders: HK\$3.99bn



1H2022 GMV on completed orders: HK\$4.14bn



Remarks: Gross profit margin and blended commission rate for respective product category for 1H2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.

Consolidated Income Statement – Group

	1H2023	1H2022	Variance	
	HK\$'M	HK\$'M	HK\$'M	%
GMV on Order Intake	4,028.5	4,186.0	(157.5)	-3.8%
GMV on Completed Orders	3,986.6	4,135.3	(148.7)	-3.6%
Turnover - Ecommerce business	1,850.5	1,938.8	(88.3)	-4.6%
Turnover - Technology business	-	5.4	(5.4)	-100.0%
Turnover - Others	0.2	-	0.2	0.0%
	<u>1,850.7</u>	<u>1,944.2</u>	<u>(93.5)</u>	<u>-4.8%</u>
Cost of inventories	(905.0)	(902.1)	(2.9)	0.3%
Operating expenses	(935.9)	(939.3)	3.4	-0.4%
Valuation gains	-	0.7	(0.7)	-100.0%
Other income (expenses), net	41.9	(14.4)	56.3	-391.8%
Finance costs	(8.3)	(5.8)	(2.6)	44.7%
Profit before taxation	<u>43.4</u>	<u>83.2</u>	<u>(39.9)</u>	<u>-47.9%</u>
Income tax credit	5.3	44.6	(39.3)	-88.1%
Profit for the period	<u>48.7</u>	<u>127.8</u>	<u>(79.2)</u>	<u>-61.9%</u>
Profit margin (%)	1.2%	3.1%	-1.9%	
EBITDA	87.8	141.3	(53.5)	-37.8%
EBITDA/ GMV on completed orders (in %)	2.2%	3.4%	-1.2%	
Adjusted EBITDA	82.6	195.6	(113.0)	-57.8%
Adjusted EBITDA/ GMV on completed orders (in %)	2.1%	4.7%	-2.7%	

Two key operating factors attributed to the decline in Group's Adjusted EBITDA and Net profit:

1. Decrease in gross contribution from Ecommerce business due to market condition and strategic adjustments
2. Start-up losses incurred for New Venture Projects for long term business sustainability.

Remark: 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

	1H2023 HK\$'M	1H2022 HK\$'M	Variance HK\$'M	in %
Adjusted EBITDA	120.1	198.0	(78.0)	-39.4%
Inter-segment royalties charges for use of Ecommerce Solution provided by Technology segment	62.4	54.1	8.4	15.5%
Technical expenses not qualified for capitalization which was incurred for eCommerce business development	(34.2)	(29.8)	(4.3)	14.5%
Ecommerce business adjusted EBITDA (at cost basis)	148.3	222.3	(73.9)	-33.3%
Adjusted EBITDA margin as a % of GMV on completed orders	3.7%	5.4%		-1.7%

HKTVMall – Strategic Adjustment: Gross Profit and Blended Commission Rate

Strengthening and Expanding Customer Base and Purchase Portfolio



On Completed Orders and Adjusted Basis	1H2023	1H2022	Variance	
	HK\$'000	HK\$'000	HK\$'000	%
Direct merchandise sales ("1P")				
GMV on completed orders ¹	1,183,304	1,231,903	(48,599)	-3.9%
Cost of Inventories	(904,976)	(902,124)	(2,853)	0.3%
Gross profit	<u>278,328</u>	<u>329,779</u>	(51,452)	-15.6%
Gross margin %	23.5%	26.8%		
Income from concessionaire sales and other service income ("3P")				
GMV on completed orders	2,803,332	2,903,419	(100,086)	-3.4%
Merchant payments (net off by annual fee, delivery and other service income) ²	(2,196,053)	(2,261,307)	65,253	-2.9%
Income from concessionaire sales and other service income	<u>607,279</u>	<u>642,112</u>	(34,833)	-5.4%
Blended commission rate	21.7%	22.1%		
Total GMV on completed orders	3,986,636	4,135,322	(148,686)	-3.6%
Total gross profit and income from concessionaries sales and other income	885,607	971,891	(86,285)	-8.9%
Blended GP/commission rate	22.2%	23.5%		
Multimedia advertising income and licensing of programme rights	59,940	64,787	(4,847)	-7.5%
Gross Contribution from Ecommerce business segment	945,547	1,036,678	(91,131)	-8.8%
Gross margin % (including multimedia advertising income and licensing of programme rights)	23.7%	25.1%		
Income from Technology and other business segment	<u>234</u>	<u>5,357</u>	(5,123)	-95.6%
Gross Contribution from Ecommerce and Technology and other business segment	<u>945,781</u>	<u>1,042,035</u>	(96,254)	-9.2%

Remarks:

- For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVMall dollars of HK\$474,000 (1H2022: HK\$2,045,000) and use of promotional coupon of HK\$20,447,000 (1H2022: HK\$19,603,000).
- For income from concessionaire sales and other service income, it is before the deduction of net HKTVMall dollars of HK\$1,269,000 (1H2022: HK\$367,000) and included merchant annual fee amortisation and other service income.

GMV on completed orders: Dropped by 3.6%: Slower than anticipated economy rebound and Surge in outbound travel.

Strategic adjustment on Blended Gross Margin (before multimedia advertising income): 22.2% (1H2022: 23.5%)

1P Gross Margin: 23.5% (1H2022: 26.8%), lower margin to maintain online groceries competitiveness, drive for cross sub-categories selling and expand customer base

3P Blended Commission Rate: 21.7% (1H2022: 22.1%), Launched merchant delivery plan in 2H2022 to enrich merchant and product choices

Multimedia Advertising Income ~ moderated decrease by \$4.8mn

Consolidated Key Operating Expenses



	As a % of GMV on completed orders	1H2023 HK\$'mn	As a % of GMV on completed orders	1H2022 HK\$'mn	Variance	
					HK\$'mn	in %
Fulfilment costs (note 1)	10.6%	421.5	11.4%	471.7	(50.2)	-10.7%
Marketing, promotional and O2O shop marketing expenses	2.2%	88.2	1.9%	77.0	11.2	14.5%
O2O shop operating expenses (note 2)	2.4%	95.0	2.0%	81.8	13.2	16.1%
Ecommerce operation and supporting functions	5.1%	202.1	4.6%	190.5	11.6	6.1%
Ecommerce business key operating expenses	20.3%	806.8	19.9%	821.0	(14.2)	-1.7%
Technology and other business key operating expenses (note 3)		60.4		41.0	19.4	47.4%
Unallocated segment operating expenses (note 4)		13.1		11.5	1.6	13.8%
Total key cash operating expenses		880.3		873.5	6.8	0.8%
Non-cash items (note 5)		63.7		71.3	(7.6)	-10.6%
Sub-total		944.0		944.8	(0.8)	-0.1%
Less: Marketing promotional and O2O shop operating expenses deducted in turnover		(22.2)		(22.0)	(0.2)	0.8%
Less: interest on lease liabilities included in finance costs		(8.1)		(5.5)	(2.6)	47.3%
Total other operating expenses under management reporting purpose	22.9%	913.7	22.2%	917.3	(3.6)	-0.4%

1. Including depreciation — other properties leased for own use of HK\$31.7 million (1H2022: HK\$32.7 million) and interest on lease liabilities of HK\$2.9 million (1H2022: HK\$4.3 million);
2. Including depreciation — other properties leased for own use of HK\$37.3 million (1H2022: HK\$37.1 million) and interest on lease liabilities of HK\$1.3 million (1H2022: HK\$1.1 million);
3. Including depreciation — other properties leased for own use of HK\$13.7 million (1H2022: HK\$0.6 million) and interest on lease liabilities of HK\$3.9 million (1H2022: nil);
4. Including depreciation — other properties leased for own use of HK\$0.3 million (1H2022: HK\$1.3 million) and no on lease liabilities (1H2022: HK\$0.1 million);
5. Excluded depreciation — other properties leased for own use of HK\$83.0 million (1H2022: HK\$71.7 million).

Key Operating Expenses



- **Fulfillment costs :**
 - Fulfillment cost % decreased to 10.6% of GMV on completed orders in 1H2023 (1H2022: 11.4%) mainly caused by
 - Introduction of merchant delivery plan in 2H2022 has had an additional positive impact on diluting the overall fulfillment cost %, which has effectively enhanced our warehouse transit and last-mile delivery resources efficiently, allowing us to accommodate the growing business demand while effectively managing costs;
 - No COVID-19 related incremental expenses and allowances incurred during the period, such as daily rate manpower, hardship allowances and O2O shop recharges for less shop pick-up orders .
- **Marketing, promotional and O2O shop marketing expenses:**
 - Include \$22.2M (1H2022: \$22.0M) Mall Dollars granted and promotional coupons used which was deducted in Turnover under AR disclosure.
 - Marketing cost % increased to 2.2% of GMV on completed orders (1H2022: 1.9%) given normal level of promotional activities were conducted post COVID-19 pandemic in 1H2023.
- **O2O shop operating expenses:**
 - Accounted for 2.4% of GMV on completed orders (1H2022: 2.0%) partially due to less recharge for shop pick-up orders in 1H2023
 - Number of O2O shop network were 90 in June 2023 (including 5 mega stores) vs 94 in June 2022 (including 4 mega stores).
- **Ecommerce operation and supporting functions:**
 - Accounted for 5.1% of GMV on completed orders in 1H2023 (1H2022: 4.6%) and includes payment processing charges, merchant relations and acquisition, customer service, information technology for Ecommerce business ,and other supporting functions.
 - Increase was mainly due to (1) increased Talent resources and overhead to support expanding business activities and (2) resumption of corporate events post COVID-19 pandemic.
- **Technology and other business key operating expenses:**
 - Increase by \$19.4M mainly due to (1) the start-up operating expenses incurred for New Ventures including Fully Automated Retail Store and System in HK and UK, Everuts, 3PL, etc., partially net off by (2) \$12.2M write off of receivables and other contract assets as a result of ceased ESEE operations in 1H2022 but none is recorded in 1H2023.
- **Unallocated segment operating expense:**
 - Mainly represented the expenses of head office and corporate expenses not allocated to Ecommerce business or Technology and other business.

Consolidated Statement of Financial Position

Strong Liquidity with Investment in Other Financial Assets and Cash Balance of HK\$1.04bn

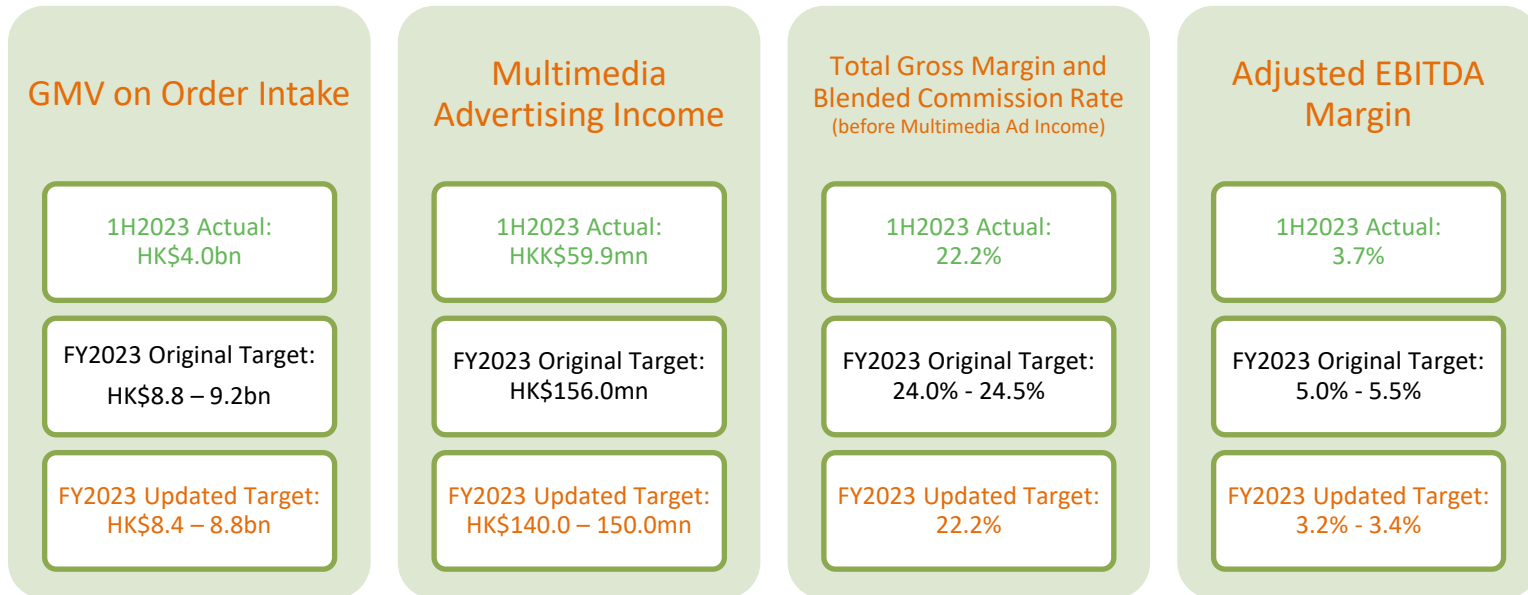


	Jun-23	Dec-22	Variance	
	HK\$'000	HK\$'000	HK\$'000	in %
Property, plant and equipment	1,461,891	1,377,003	84,889	6.2%
Other properties leased for own use	533,024	594,548	(61,524)	-10.3%
Intangible assets (HKBN Network IRU and telecom facilities)	36,691	38,735	(2,044)	-5.3%
Intangible assets (qualified R&D costs)	84,376	64,474	19,902	30.9%
Other financial assets (Fixed income and Equity investment)				
Non-current	262,054	292,791	(30,738)	-10.5%
Current	113,115	51,742	61,373	118.6%
Other receivable, deposits and prepayments	252,652	268,369	(15,717)	-5.9%
Inventories and other contract costs	133,278	144,791	(11,513)	-8.0%
Term deposit	50,457	-	50,457	NA
Cash and cash equivalents	610,153	705,807	(95,653)	-13.6%
Deferred tax assets	87,643	81,252	6,391	New
Total Assets	3,625,334	3,619,512	5,822	0.2%
Accounts payable	376,003	354,627	21,377	6.0%
Other payables and accrued charges	435,997	444,277	(8,280)	-1.9%
Deposits received	5,757	5,757	-	0.0%
Lease liabilities	542,247	604,493	(62,247)	-10.3%
Deferred tax liabilities	1,709	1,566	142	9.1%
Total Liabilities	1,361,713	1,410,719	(49,006)	-3.5%
NET ASSETS	2,263,621	2,208,793	54,828	2.5%
Share capital	1,804,361	1,800,972	3,389	0.2%
Reserve	459,260	407,821	51,439	12.6%
TOTAL EQUITY	2,263,621	2,208,793	54,828	2.5%

HKTVMall – Update on 2023 Target



- Slower economy rebound and rising interest rates in Hong Kong present ongoing challenges for businesses and household disposable income, affecting consumer spending. This creates a challenging economic landscape in 2H2023 and beyond.
- Hence, management expects moderate GMV growth in 2023 and additional marketing and promotional activities is planned to maintain online competitiveness and drive conversion to less-purchased product categories.
- As a result of this direction, certain 2023 targets for HKTVMall are updated as below:



HKTVMall – Update on 2023 Key Operating Expenses Target %



Fulfilment Costs

1H2023 Actual:
10.6%

FY2023 Original Target:
11.0% - 11.2%

FY2023 Updated Target:
10.3% - 10.6%

Marketing, Promotion and O2O Shop Marketing Expenses

1H2023 Actual:
2.2%

FY2023 Original Target:
2.1% - 2.8%

FY2023 Updated Target:
2.7% - 3.0%

O2O Shop Operating Expenses

1H2023 Actual:
2.4%

FY2023 Original Target:
2.2% - 2.4%

FY2023 Updated Target:
2.2% - 2.4%

Ecommerce Operation and Supporting Costs

1H2023 Actual:
5.1%

FY2023 Original Target:
4.8% - 5.0%

FY2023 Updated Target:
5.0%

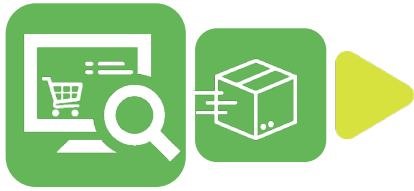
*Ecommerce Operation and Supporting Costs

- Include technical costs incurred for HKTVMall technical development and other supporting departments costs (after cost allocation to Technology and other business segment for shared supporting services).

Ecommerce Business Overview

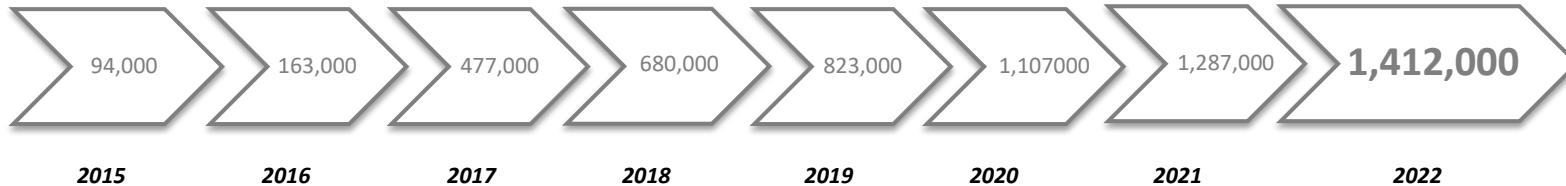
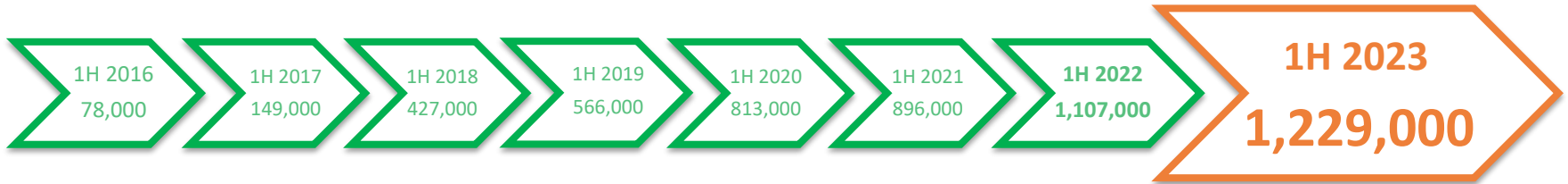
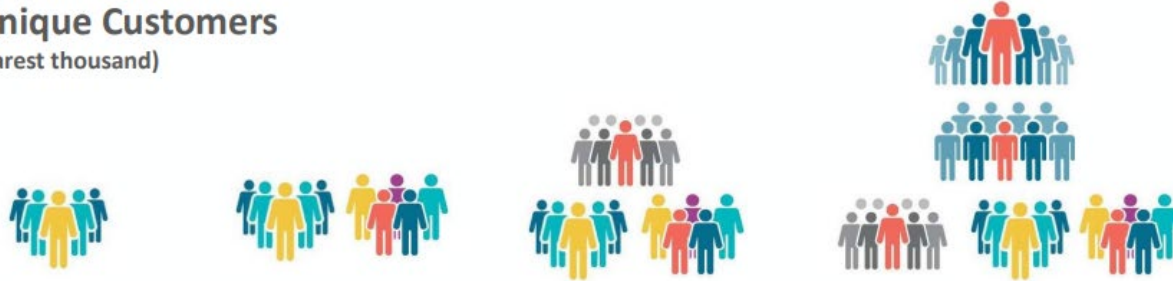
Jelly Zhou

Chief Executive Officer (Hong Kong)



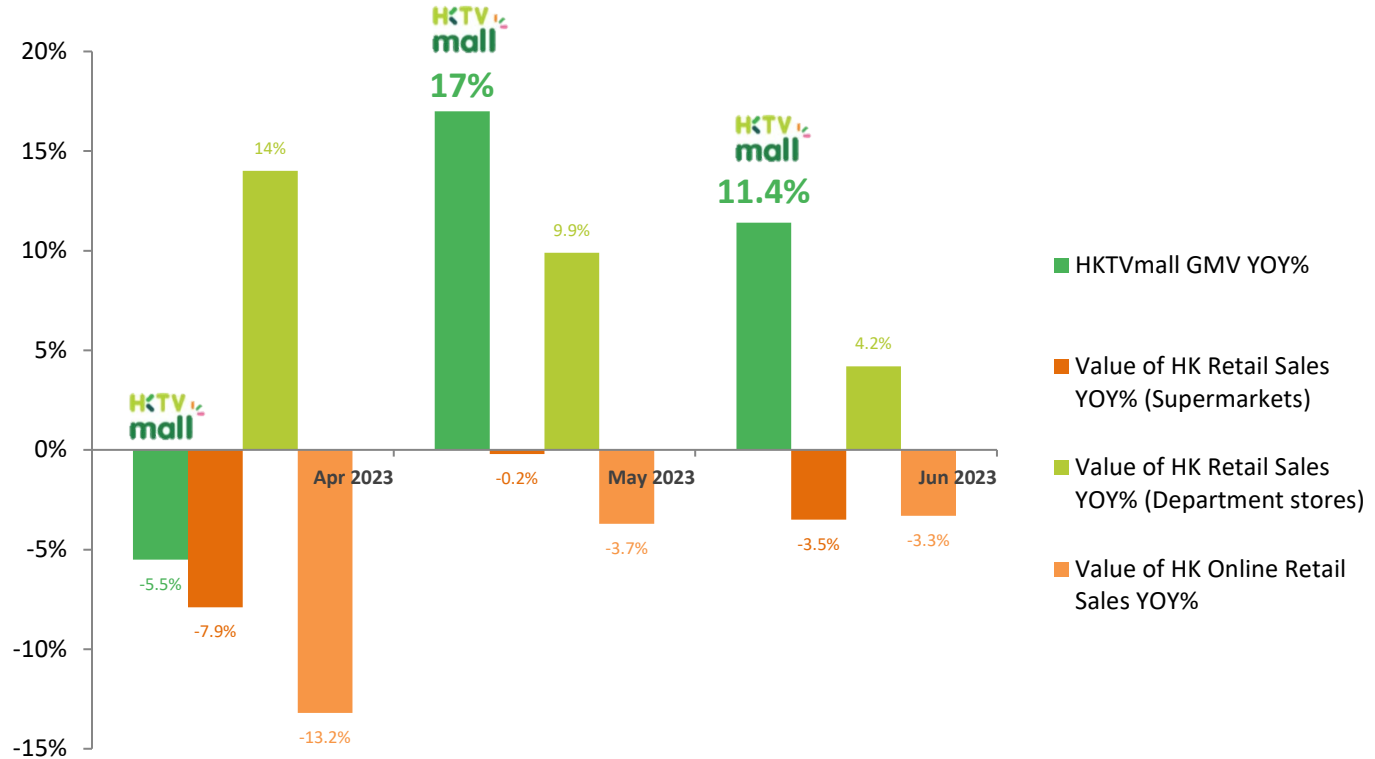
Record High in Number of Unique Customers Post-COVID Consumer Behavioral Change Continues

Combined Unique Customers
(rounded to the nearest thousand)





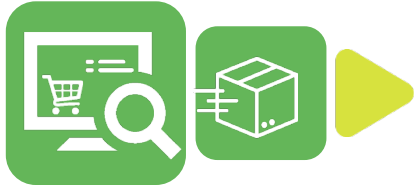
Outperformed Counterpart Categories in Hong Kong Retail Market





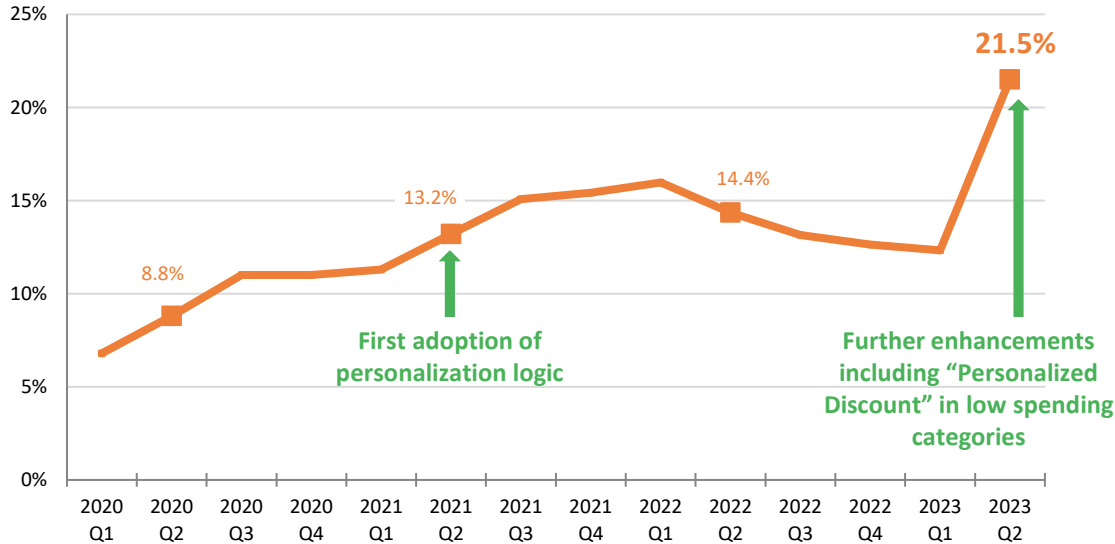
Direction in 2023

- ✓ Increase Purchasing Categories and Frequency
- ✓ Increase Merchants and Product Varieties
- ✓ Increase Content and Traffic

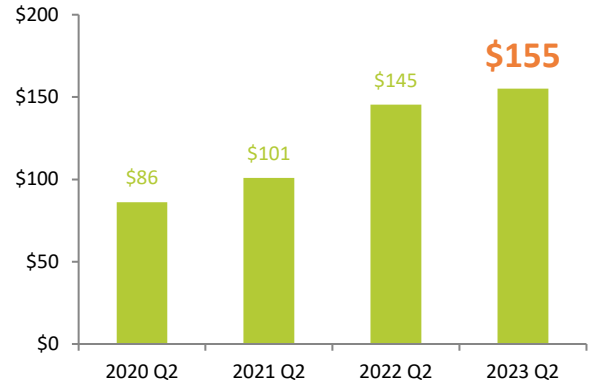


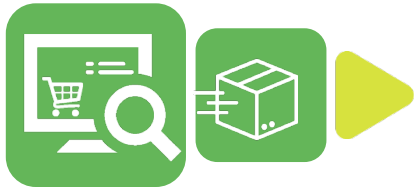
Increased Order Basket Size by Adopting Different Personalized Recommendations

Quarterly Conversion Rate Per Online Add-on Order



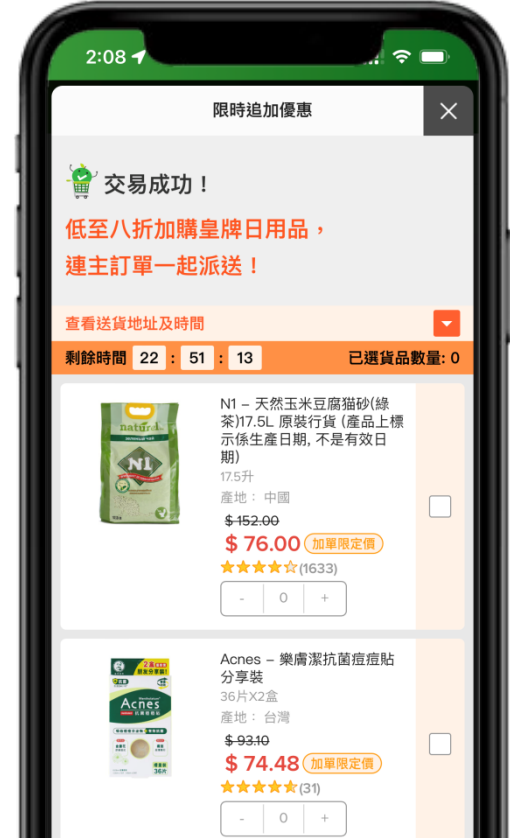
Average basket size per online add-on order increased from \$86 in Q2 2020 to \$155 in Q2 2023

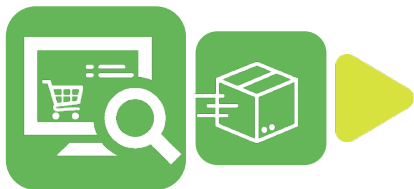




Personalized Add-on Product Recommendations Empowered by Big Data

- ✔ **Personalization** empowered by **Big Data**, the advanced recommender system can select highly relevant products to customers
- ✔ Offers discounts to categories that the customer has never purchased before, to **broaden customer base for groceries** and increase long term loyalty
- ✔ Reminders for frequently purchased products and abandoned shopping cart items

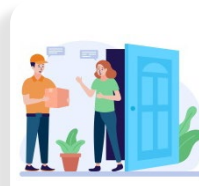




Unlimited Add-on - Purchase with Great Flexibility

Available for **ALL Products*** that customers will not miss out any favourite items

Shaping consumer **behavior** on instant and impulse buying



Enhancing successful transactions and basket size with **quick and easy checkout**

One-time delivery with the parent order to enhance operational efficiency

*Excluding merchant delivery and overseas delivery products



Growing Awareness Among Customers



6.9K

Likes

452,645

Views

11 Jul

2023

#MM #試一次 // 實試街市筍工幫人買餅日賺\$750 Natalie挑戰專業「買餅專員」門快執單 反轉大埔墟街市買齊13項貨品! 買餅專員分享誇張訂單55條紅蘿蔔 面試問題又識唔識?

網絡流傳一份街市好工, 只要替人買菜, 便可以穩賺750元一日, 於主婦界的討論度甚高。於是我們就派...more



C

4 wk ago

其實這樣可以雙贏, 街市檔主又有客源, 沒時間不方便出街買菜的又可以買到菜

351

3 wk ago (edited)

M
1) 住到山卡峰, 咁鬼熱唔想自己去買餅, 2) 坐月無人幫手買餅, 3) 做完手術無人幫手買餅, 4) 扭親行動唔方便買唔到餅, 5) 老人家拎唔到咁多重嘢買唔到餅, 6) 落狗A唔方便落街買餅, 7) 湊小朋友唔想落街買餅, 8) 上班到旅想慳番每日時間唔洗騰去買餅...等等等等, 實在太多有需要人士要幫手, 俾多\$25自己可以有住家飯食仲唔洗拎餐死, 真係造福唔少家庭, 琴日用咗佢哋服務, 除咗一檔油墨菜同粟米唔得, 其他餅都好ok, 由其雙雞好得, 叫去頭開邊真係做足俾我, 佢哋理個好乾淨, 食係好呀, 好係好呀

- Expanded our network covering approximately **91.5%** of HKTVmall existing customer base as of Aug 2023
- Impressive results in collaborative contents and generated **influence among the viewers**
- Generated **Positive feedbacks** from viewers to foster interaction and community bonding

Strong Engagement with Customers



街市
即日餅



Customers



Harness the power of interactive communication channels to build **strong connection** with customers for instant discussions



Enhanced **customer interactivity**, thereby increasing stickiness and empowering customers to explore new purchasing and cooking ideas



Expanding Customer Segment to **The Golden Agers**



- “HKTVMall Senior Club” launched in Dec 2019, attracting golden agers who represent a group of **economically stable with high stickiness** customer segment
- User Interface revamped on HKTVMallLite in Jun 2023, enhancing online experiences to address the needs of the golden agers

Higher Retention Rate

Accumulated Registered Members

Senior Club Members

General HKTVMall Customers



64%

in the first 3 months

110,000+



Expanding Customer Segment to **The Golden Agers**



- In-store promotion for members of HKTvmallLite, the elderly app, with \$2 off per item, forming **a wider customer base** for further online conversion
- Showcasing elderly-centric items in O2O stores, with the help of local O2O store assistants to explain **how to shop online**

HKTvmall Senior Club

GMV
Growth

↑ **97%**

Q2 2023 vs Q2 2022

HKTVLive – A Successful Interactive Engagement Channel



No. of
Live Shows

+835%

159

Jun 2023

17

Jun 2022



Tighten the bonding between customers and merchants

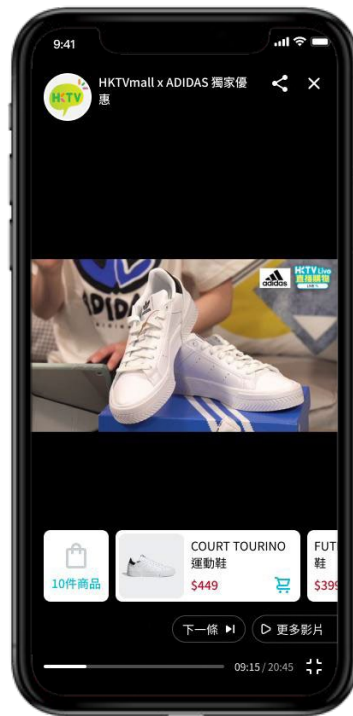


Strengthen the social interactions elements in HKTVmall app

A Step Further to Video-On-Demand

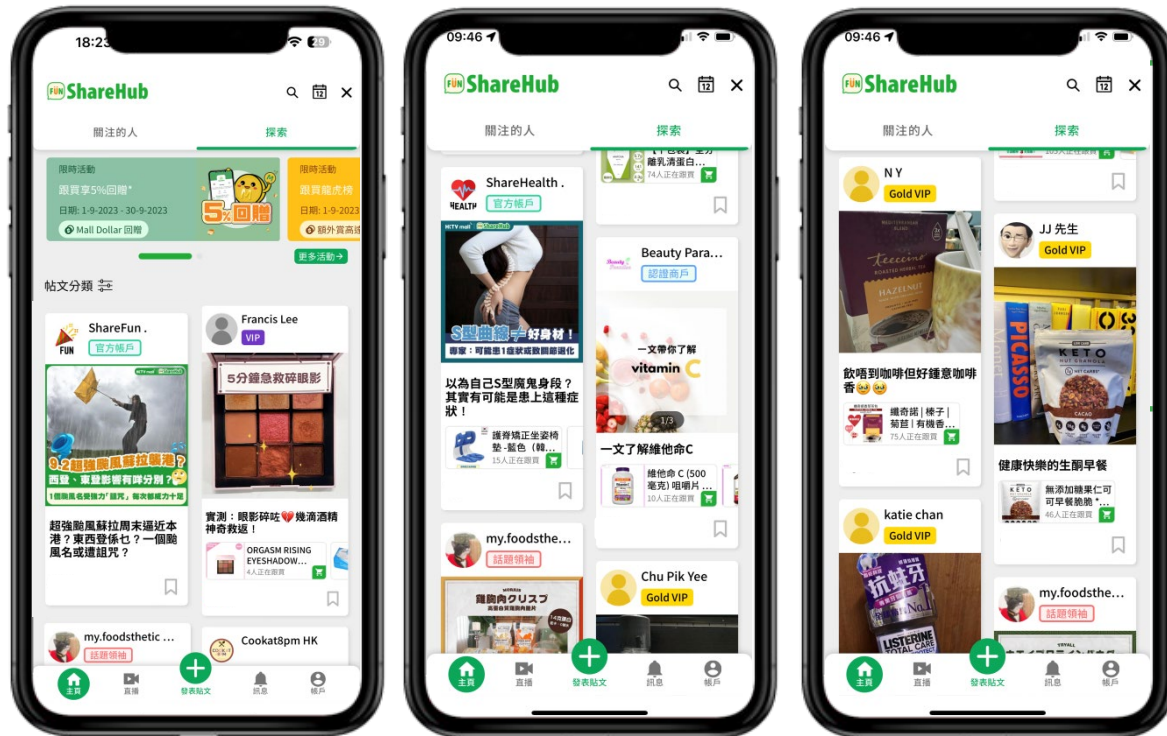


Target Launch in
Q3 2023



- Customers can enjoy diversified and creative content beyond shopping
- Stay longer and increase user retention
- Content creators can access diverse revenue opportunities, including viewership and sales commission

Further Growth in Customer Base in HK – New Online Community **FÜN** ShareHub



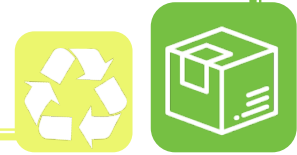
**New Power for
Customer Engagement**

Allows **merchants, consumers, influencers and content creators** share contents / opinion and interact with each others

**Accumulated
Unique Users**
680,000+
Since Aug 2022

**Monthly Unique
Users**
↑ 126%
Jun 2023 vs Aug 2022

We Care About Our Community – Launch of “Plastic Reduction Store” Program



✓ Reduce using plastic packing materials

Use external packaging boxes or envelope bags in proper sizes to reduce the usage of excessive or oversized packing materials

✓ Use reusable packing materials

♻️ 減塑先鋒



Enhanced eco concerns among merchants and received **87 applications** after launch

Joining designated "**Plastic Reduction**" marketing promotional activities, which will increase the exposure of the products and call for public support to those stores

Connecting Users Beyond Hong Kong



Leverage on our existing strength on **700,000+ product choices** to capture the unfulfilled demand of other areas/countries' customers



Expanded the delivery service to **Macau in Dec 2022** & **UK in Jun 2023**



Extending reach to other areas, including delivery to **Australia** & **Canada** in Q3-Q4 2023



EVERUTS[™] Further Expansion & Growth on International Market

New Functions



Direct Messaging (DM)

Customers are able to easily contact their personal shopper to fine tune their request, or even ask for suggestions

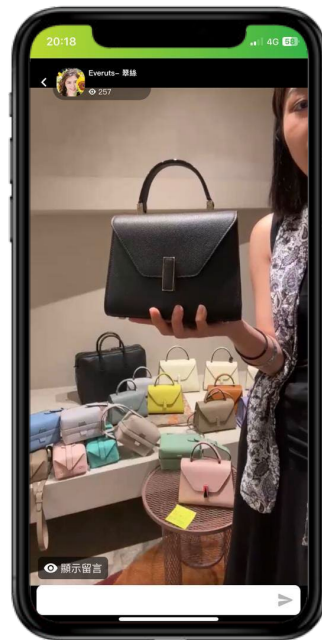
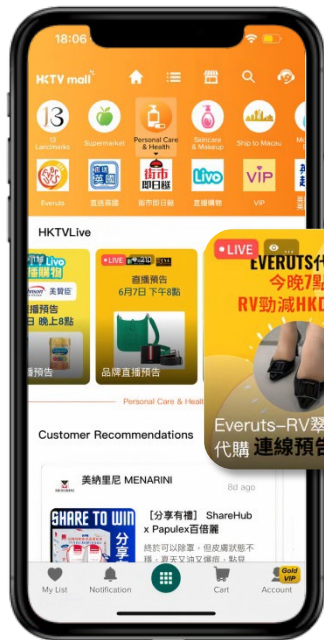


Group Messages (Coming soon)

Customers can share ideas with all their friends and other customers with common interests



- Reached **2,000** (vs 500 in 2022) **Personal Shoppers “Exploruts”** in **30 countries** and growing everyday
- Started the new **“Travelling Personal Shopper program”**, tailored to Exploruts who travel frequently from Hong Kong such as explorers, fashionistas, travel influencers, etc.



- Joining HKTV Live Shows **around the world** such as Hong Kong, France, Italy, Japan, Korea, Netherlands, Thailand, and the UK to start selling different kind of products
- Live shows for well-known brands such as **Valentino, Chloe and Roger Vivier** as well as other local brands such as **Fleuron, The Bridge, Piumelli, Francesco Rogani** from Europe and **Skin Food, Olive Young, Tirtir** from Japan and Korea



Technology & Solution Business Overview

Kenneth Lau
Chief Executive Officer (International Business)





Interim Project Updates

01

Automated Retail Store & System

02

HKTVshops

03

3PL Services

04

Fulfilment facility expansion



Automated Retail Store Soft Launch



The Filaments Manchester



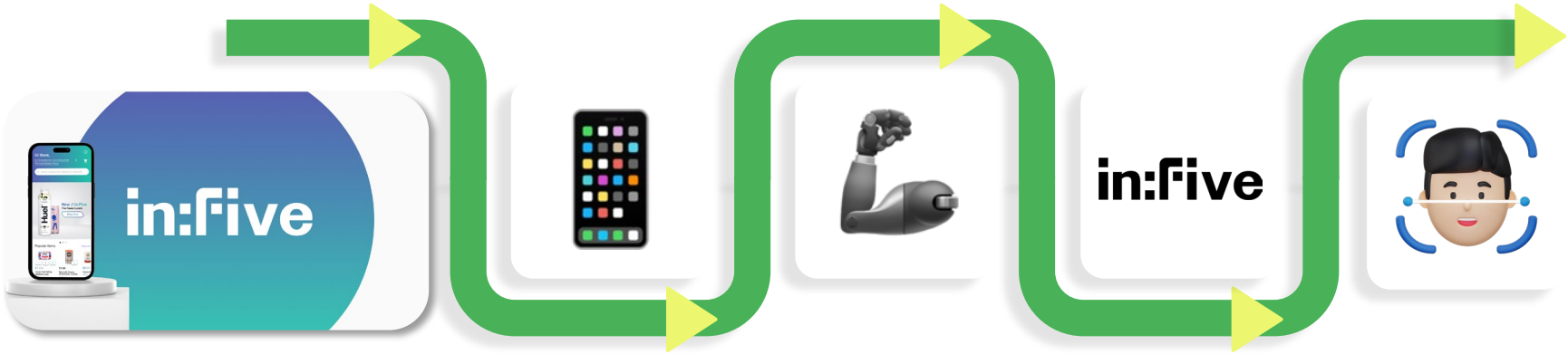
Automated Retail Store Soft Launch

Mobile App Ordering

Customers place their orders via our dedicated app

Collect at any in:Five store

Customers choose their closest in:Five store to collect items



A little bit
more than
just a **store**

Completely Automated

Every order is picked ready by our smart in-store tech

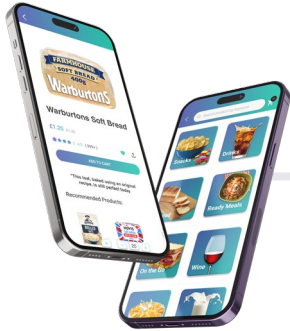
A.I Age Verification

Customers age is assessed automatically in the app



Automated Retail Store Soft Launch

Customer Journey



Order via
in:Five App



Collect
in-Store



Enjoy!



Our innovative twist on the click & collect model ensures a **seamless and convenient shopping experience** for our customers.



HKTVshops

HKTV mall

eCommerce Platform

Traffic Diversion

Market Expansion



Expanded Delivery Service
(Ship to Macau / UK)



Data Analysis

Instant Marketing
Exposure



HKTV Live Shopping
Channels

Databank

HKTV shops

Social Media Tools for customer retention



Social Commerce



HKTV Delivery

Delivery
Service



HKTShop

日系質感家品
8月低至半價!

優惠期至2023年8月27日，受條款及細則約束。

Price tags: \$107, \$262, \$30, \$54, \$80

新店推介
韓系夏天穿搭

zenyum · HKTShop

開幕慶

ZenyumSonic GO 聲波電動牙刷
限時 **6折**

全店 口腔護理產品
7折起

新店推介
歐洲美妝 品牌集匯

HKTShop

台灣伴手禮8折
快閃獨家優惠

立即選購

優惠期至2023年6月2日，受條款及細則約束。

DayDay365

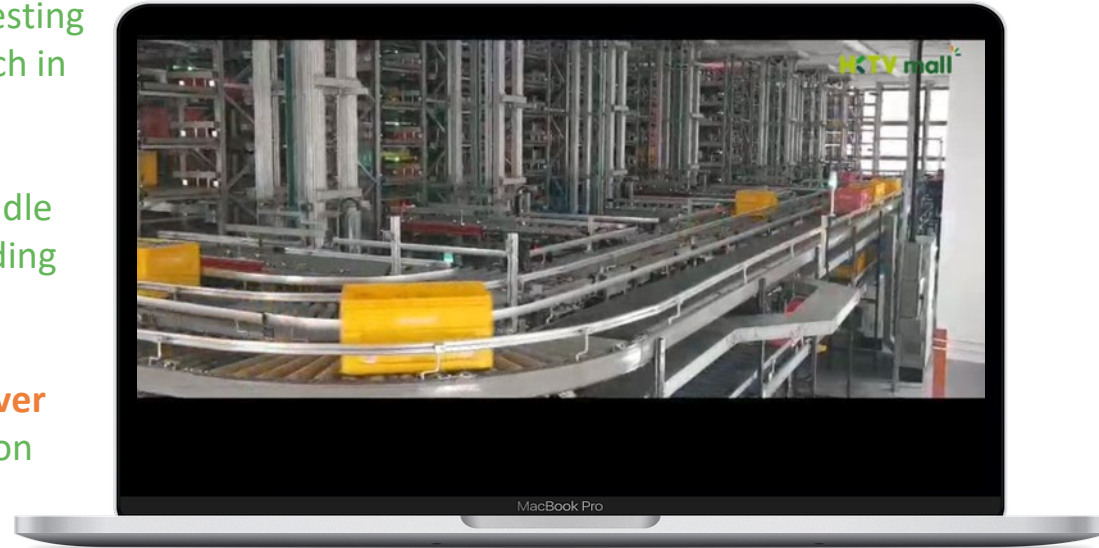
運動保健必備
足部用品 運動襪

立即選購



Automated 3PL Service For 8-hr Delivery

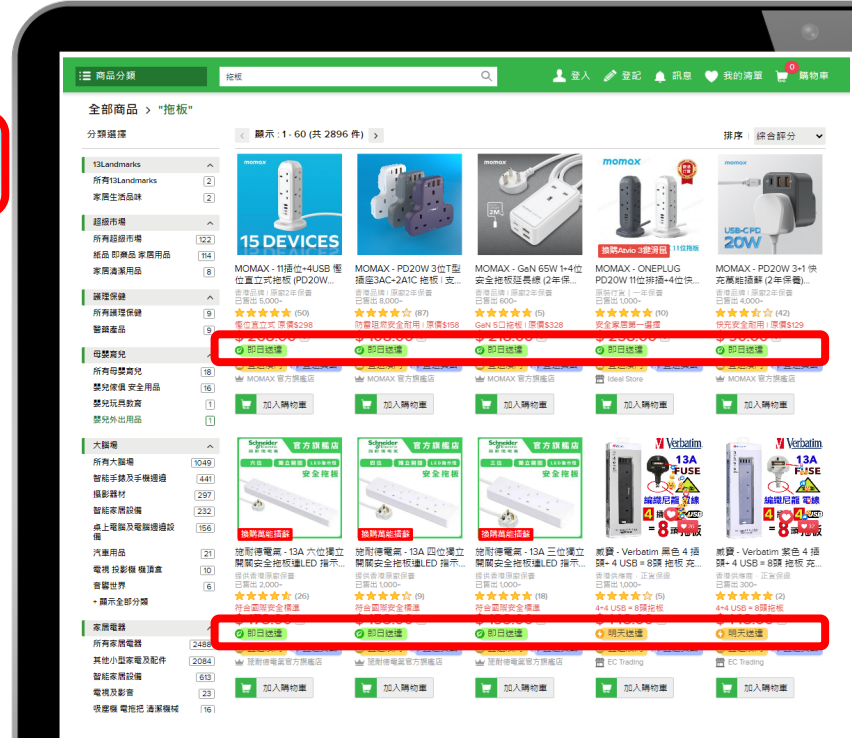
- Started Trial Run in May 2023, under testing and commissioning tuning, target launch in **Q4 2023**
- The new warehouse will be able to handle around **100,000 new 3PL SKUs**, depending on product mix
- Picking system will be able to handle **over 20,000** order-picking daily, depending on order structure
- Robotic picking helps to **reduce operation costs** and **labour shortage issues**





Automated 3PL Service For 8hr Delivery

- With improved delivery lead time and support on additional exposure, 3PL merchants are having **significant business growth after joining 3PL service**
- Enhance frontend interface for users to select same day delivery items
- Given additional searching scores to same day delivery products





Benefits 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



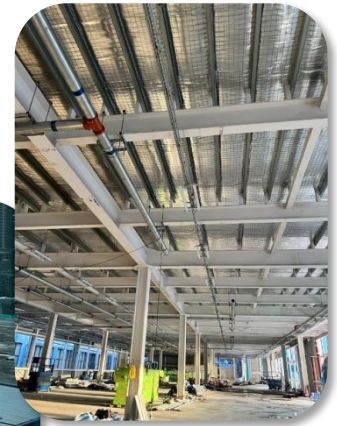


TKO Expansion Plan **Phase 1**

Target to complete by

Q4 2024

- ✓ Additional **33,000 square feet** with HK\$210 million CAPEX
 - Construction work estimates to be completed by Q3 2023
 - Automation system by Q4 2024





TKO Expansion Plan Phase 2

Additional **30,000 square feet** with HK\$55 million CAPEX, including construction and machinery



A&A: changing part of canteen area to loading & unloading



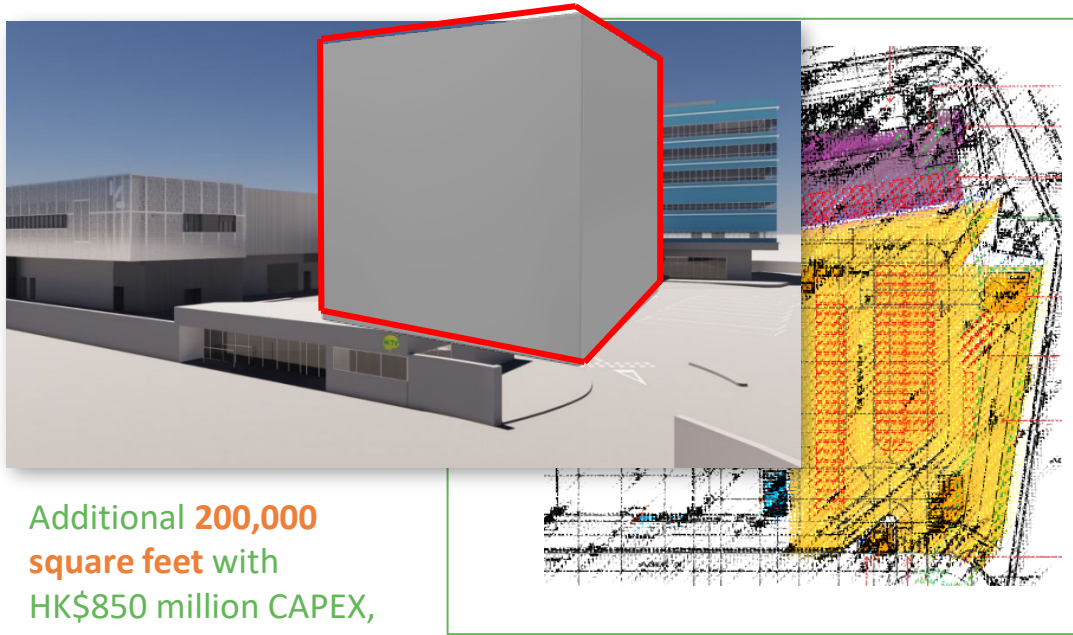
Additional cargo lift/vertical conveyor for improving goods transfer in the building

Target to complete by

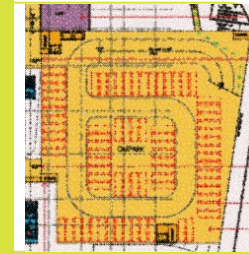
Q1 2025



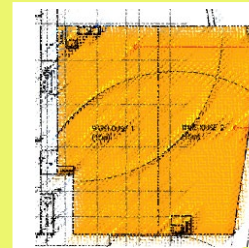
TKO Expansion Plan Phase 3



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 efulfilment, Expansion of 3PL

Target to complete by

2027



Appendix – Financial Review

Glossary



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

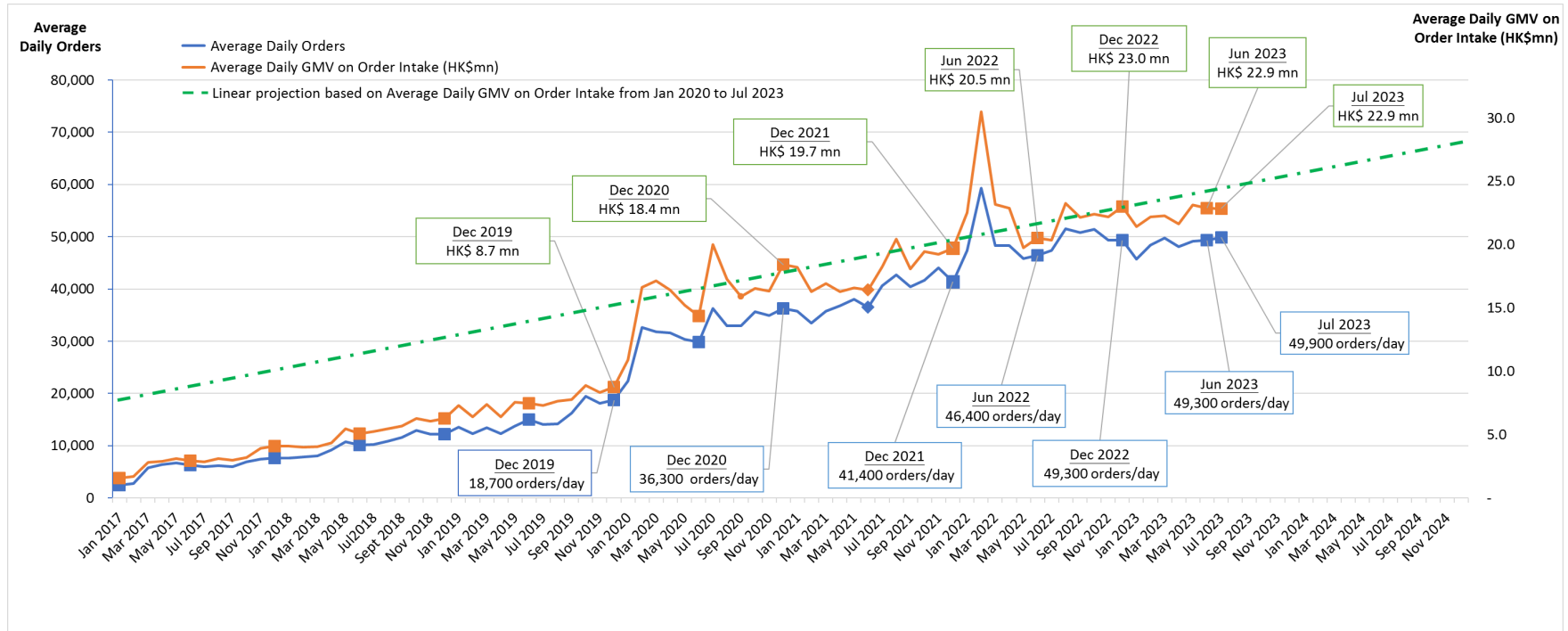
Gross Merchandise Value (“GMV”) on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.

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

Record High Number of Unique Customers in May 2023 → Further Expanded in July 2023 at 595,000



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 Interim Report Disclosure)



HKTV Group (Per Interim Report disclosure)	1H2023	1H2022	Variance	
	HK\$'M	HK\$'M	HK\$'M	%
Average daily order - Group (number of order)	48,400	49,100	(0.0)	-1.4%
Average order value - Group (HK\$)	460	471	(0.0)	-2.3%
-Direct Merchandise Sales ("1P") contribution	257.4	308.1	(50.7)	-16.5%
-Sales (net of discount)	1,162.4	1,210.3	(47.9)	-4.0%
-Cost of sales	(905.0)	(902.1)	(2.9)	0.3%
GP%	22.1%	25.5%		-3.3%
-Commission from Concessionaire Sales ("3P") contribution	606.0	641.7	(35.7)	-5.6%
-Sales (net of discount)	2,802.1	2,903.1	(101.0)	-3.5%
-Payment to Merchants	(2,196.1)	(2,261.3)	65.3	-2.9%
GP%	21.6%	22.1%		-0.5%
Multimedia advertising income and licensing of programme rights	59.9	64.8	(4.8)	-7.5%
Gross Contribution from Ecommerce	923.4	1,014.7	(91.3)	-9.0%
Gross Margin	23.3%	24.7%		-1.4%
Technology and other business income	0.2	5.4	(5.1)	-95.6%
Other income (expenses) (excluded exchange gain/(loss))	36.3	(13.6)	49.9	-366.0%
Valuation gain	-	0.7	(0.7)	-100.0%
Exchange gain/(loss)	5.6	(0.7)	6.4	-874.2%
Operating expenses	(913.7)	(917.3)	3.6	-0.4%
Finance costs	(8.4)	(5.8)	(2.6)	45.4%
Profit before taxation	43.4	83.2	(39.8)	-47.9%
Income tax credit	5.3	44.6	(39.3)	-88.1%
Profit for the period	48.7	127.8	(79.2)	-61.9%

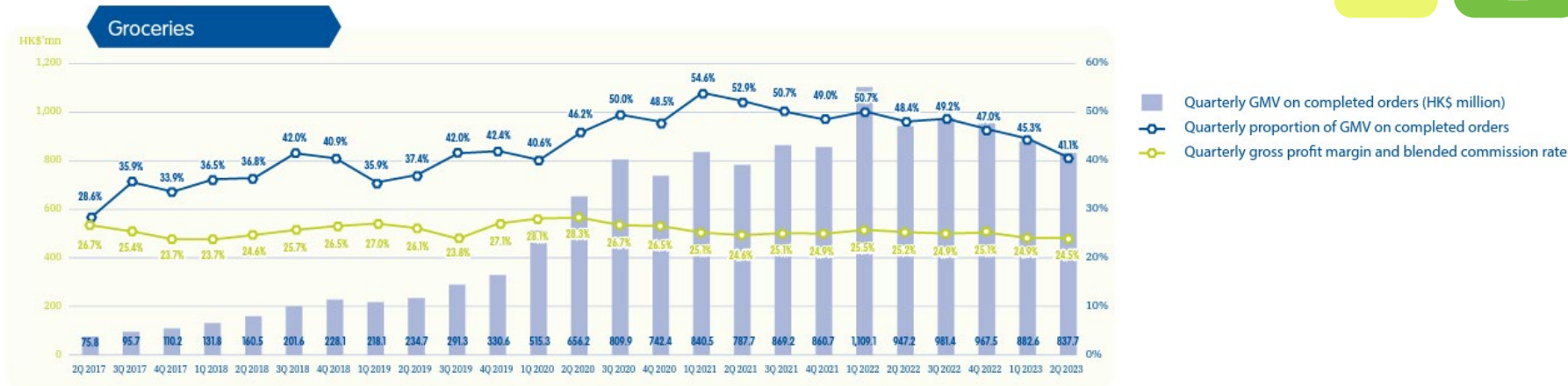
Reconciliation of Group Adjusted EBITDA



Reconciliation of EBITDA and Adjusted EBITDA	1H2023	1H2022	Variance	
	HK\$'000	HK\$'000	HK\$'000	%
GMV on Order Intake	4,028,484	4,185,973	(157,489)	-3.8%
GMV on Completed Orders	3,986,636	4,135,322	(148,686)	-3.6%
Profit for the period	48,696	127,849	(79,154)	-61.9%
	1.2%	3.1%		
Income tax credit	(5,296)	(44,603)	39,307	-88.1%
Investment returns	(20,443)	(11,124)	(9,319)	83.8%
Depreciation (excluded depreciation on other properties leased for own use)	58,213	61,126	(2,913)	-4.8%
Amortisation on intangible assets	6,674	7,277	(602)	-8.3%
Amortisation on other contract cost assets	-	803	(803)	-100.0%
EBITDA	87,844	141,328	(53,484)	-37.8%
EBITDA/ GMV on completed orders (in %)	2.2%	3.4%		
Major non-cash items			-	0.0%
- Valuation gains on investment properties	-	(650)	650	-100.0%
- Exchange loss/(gain)	(5,644)	729	(6,374)	-873.9%
- Provision/(reversal) of expected credit loss on debt securities measured at FVOCI	326	32,039	(31,713)	-99.0%
- Provision of expected credit losses on interest receivable	-	1,175	(1,175)	-100.0%
- Write-off of receivables and other contract costs, net	-	12,171	(12,171)	-100.0%
- Equity-settled share-based transactions	(1,207)	946	(2,153)	-227.6%
- Unrealised fair value loss on debt securities measured at FVPL	1,282	11,064	(9,781)	-88.4%
- Government subsidies	(21)	(3,212)	3,191	-99.3%
Adjusted EBITDA	82,580	195,590	(113,010)	-57.8%
Adjusted EBITDA/ GMV on completed orders (in %)	2.1%	4.7%		

Trend on Gross Profit and Blended Commission Rate Performance

- Top 5 Product Categories



Remarks: Quarterly gross profit margin and blended commission rate for 1Q2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.

Trend on Gross Profit and Blended Commission Rate Performance - Top 5 Product Categories



- Quarterly GMV on completed orders (HK\$ million)
- Quarterly proportion of GMV on completed orders
- Quarterly gross profit margin and blended commission rate



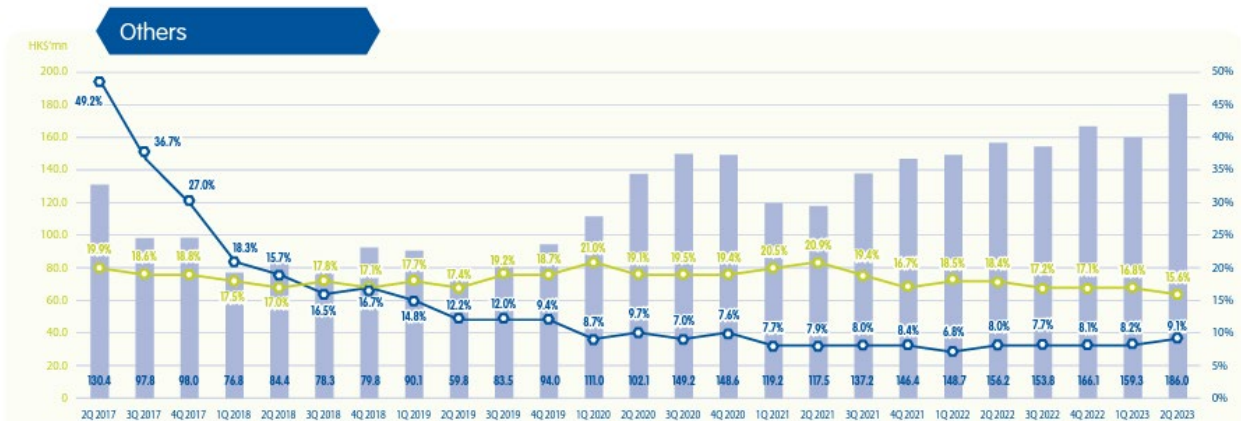
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Trend on Gross Profit and Blended Commission Rate Performance

- Top 5 Product Categories



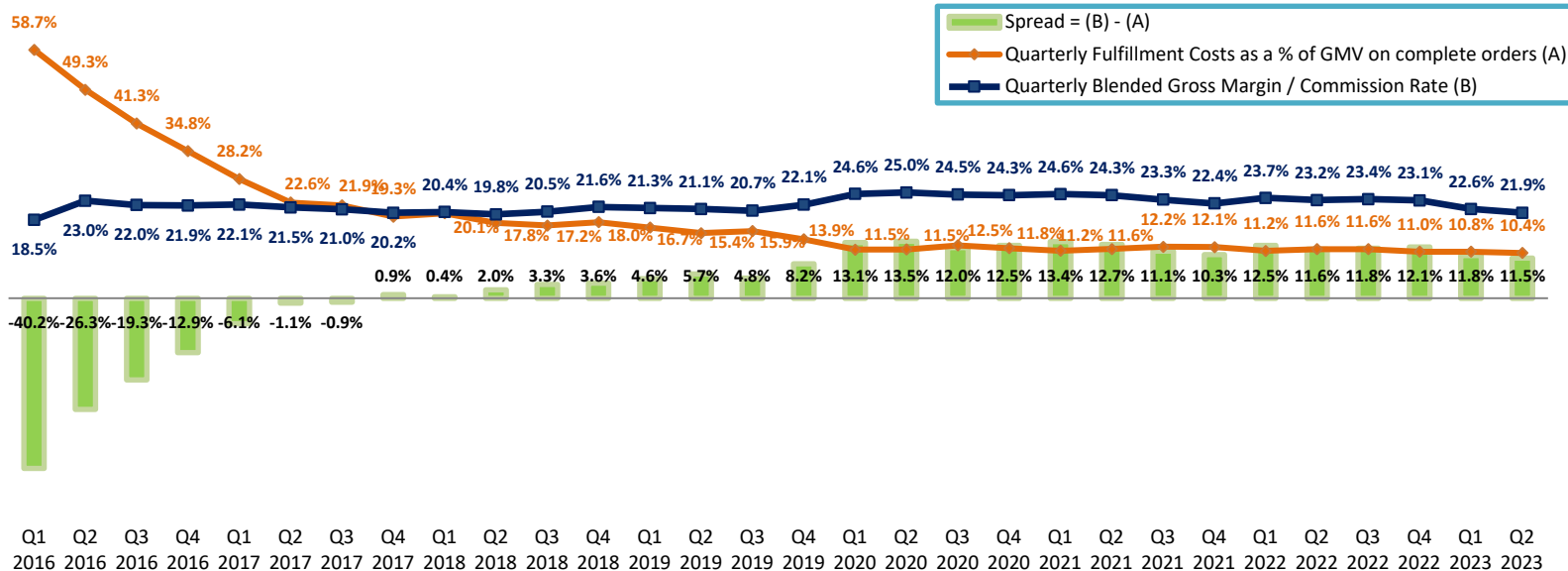
- Quarterly GMV on completed orders (HK\$ million)
- Quarterly proportion of GMV on completed orders
- Quarterly gross profit margin and blended commission rate



Remarks: Quarterly gross profit margin and blended commission rate for 1Q2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.

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 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