



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

Annual Results  
for the year ended 31 Dec 2023



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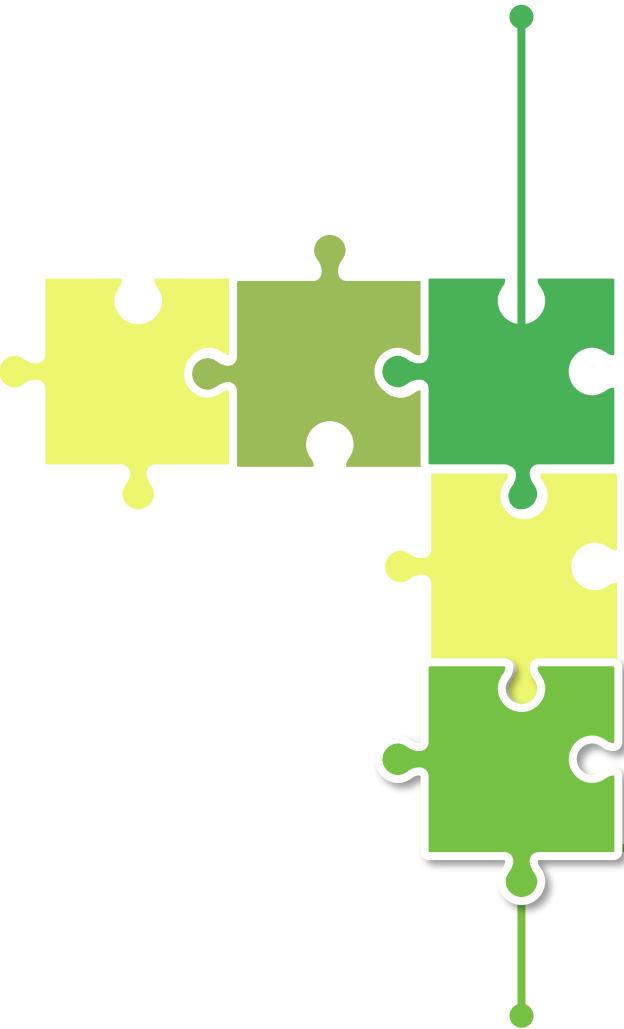
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# Group Financial Review

Alice Wong  
Group Chief Financial Officer



# 2023 signifies a Turning Point for HKTV Group

## Hong Kong Ecommerce Business

- The evolving environment necessitated adjustments in our outlook and future prospect:
  - Declining local consumption market further pressurized by global economic environment
  - Maintain high growth from local market will be challenging
  - Prepare to fight but at extra marketing effort and operating costs

## New Ventures and Technology Business

- Strengthen our determination to diversify the businesses, and investment locations
- Continue to explore, develop and roll out different new concepts, technology and businesses which shall require allocation of resources and funding.
- Long-term survival goals and sustainable growth always take priority over short-term profitability.



## Updated Business Segment Composition under HKTV Group

### Hong Kong Ecommerce Business

- HKTVmall as the CORE business including
  - 3PL Service
  - ThePlace

### New Ventures and Technology Business

- Everuts
- Fully Automated Store and System
- Wet Market Express
- Life Science Project

For 2023, to better reflect the segment performance according to the service nature, allocation of resources and performance assessment of the lines of business, management has updated the composition of the two business segments as follows:

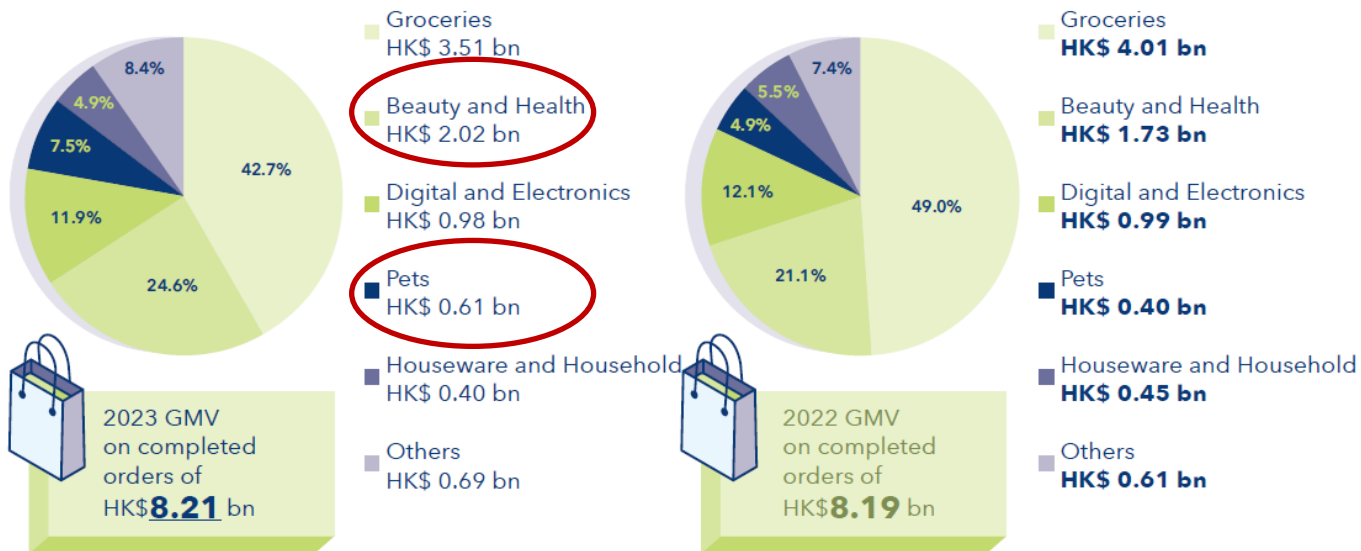
1. **Addition of Third-Party Logistics (“3PL”) service to Ecommerce Segment** – as its economic characteristics, nature of service and operating processes are similar to the fulfillment process for completing HKTVmall’s 1P Business. The inclusion of 3PL service in the same segment is considered as an expansion of fulfillment options to fulfill HKTVmall’s customer orders;
2. **Addition of ThePlace**, as its business model is an extension of the partnership options for retailers joining HKTVmall and form part of HKTVmall ecosystem;
3. **Reallocation of Wet Market Express to New Venture projects**, as it is a distinct business model that requires separate resource allocation and performance evaluation.
4. **Comparative figures in 2022** are updated to include 3PL service under Ecommerce Segment while for Wet Market Express, given certain cost items are on integrated and shared basis with HKTVmall, and its net financial impact is not significant in 2022, hence no re-grouping is made to 2022 figures.



# Hong Kong Ecommerce Business

## Solid Traffic Driver from Solid Groceries Base

- ✓ Groceries as Recurring traffic driver and Entry point for new customer acquisition
  - ✓ Increasing trend on No. of unique customers over time
  - ✓ Decline in GMV due to reduced COVID-19 driven panic purchases and surge in outbound travel, but the decline has been narrowed down in 2H2023
- ✓ Expanding multi-categories product choices empowered cross-selling
  - ✓ Pet products ranked the Top 4<sup>th</sup> category in 2023 with **52.5%** y-on-y growth on GMV
  - ✓ Beauty and Health products had **16.8%** y-on-y growth on GMV



# Consolidated Income Statement – Group

	2023	2022	Variance	
	HK\$'M	HK\$'M	HK\$'M	%
<b>GMV on Order Intake</b>	<b>8,424.0</b>	<b>8,276.2</b>	<b>147.8</b>	<b>1.8%</b>
<b>GMV on Completed Orders</b>	<b>8,330.1</b>	<b>8,188.1</b>	<b>142.0</b>	<b>1.7%</b>
Turnover	3,861.7	3,868.6	(6.9)	-0.2%
Cost of inventories	(1,865.1)	(1,819.5)	(45.6)	2.5%
<b>Operating expenses</b>	<b>(2,029.3)</b>	<b>(1,909.3)</b>	<b>(120.1)</b>	<b>6.3%</b>
Valuation gains	(0.6)	0.7	(1.3)	-192.3%
Other income (expenses), net	90.6	15.5	75.1	484.0%
Finance costs	(18.5)	(13.6)	(4.9)	35.6%
Profit before taxation	38.8	142.4	(103.6)	-72.8%
Income tax credit	6.6	69.8	(63.3)	-90.6%
<b>Profit for the year</b>	<b>45.3</b>	<b>212.2</b>	<b>(166.9)</b>	<b>-78.6%</b>
Net profit margin (%)	0.5%	2.6%	-2.0%	
<b>EBITDA</b>	<b>130.6</b>	<b>255.2</b>	<b>(124.6)</b>	<b>-48.8%</b>
EBITDA/ GMV on completed orders (in %)	1.6%	3.1%	-1.5%	
<b>Adjusted EBITDA</b>	<b>122.7</b>	<b>316.4</b>	<b>(193.7)</b>	<b>-61.2%</b>
Adjusted EBITDA/ GMV on completed orders (in %)	1.5%	3.9%	-2.4%	

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 Gross Margin adjustments
2. Full year Start-up losses incurred for New Venture Projects for long term business sustainability.

## Remark:

1. Government subsidies of \$18.7mn and write-off of receivables and other contract costs, net for New Ventures and Technology, and Hong Kong Ecommerce Business of \$16.3mn were included in 2022 profit for the year and EBITDA while none was recorded in 2023.
2. Adjusted EBITDA means EBITDA adjusted by major non-cash items, excluded non-recurring items such as government subsidies and one-off write-off of receivables and other contract costs, net.





## Hong Kong Ecommerce Business (HKTVmall including ThePlace and 3PL Service) Adjusted EBITDA Performance

On cost basis without inter-segment charges

	2023 HK\$'M	2022 HK\$'M	Variance HK\$'M	in %
<b>Adjusted EBITDA</b>	<b>223.6</b>	<b>335.3</b>	<b>(111.7)</b>	<b>-33.3%</b>
Inter-segment royalties charges for use of Ecommerce Solution provided by Technology segment	124.9	124.9	(0.0)	0.0%
Technical and relevant support expenses not qualified for capitalization which was incurred for eCommerce business development	(92.0)	(82.6)	(9.4)	11.4%
<b>Ecommerce business adjusted EBITDA (at cost basis)</b>	<b>256.4</b>	<b>377.5</b>	<b>(121.2)</b>	<b>-32.1%</b>
Adjusted EBITDA margin as a % of GMV on completed orders	3.1%	4.6%		-1.5%

Decrease in Adjusted EBITDA on Hong Kong Ecommerce business was due to the below key factors:

1. Limited growth on GMV of only 0.3%
2. Decreased blended gross profit margin by 1.1% (excluding multimedia advertising income)
3. Aggressive marketing spent at 2.7%, an increment by 0.3% in 2023, to drive purchase of less frequently purchased products, and new customer acquisition
4. Absorbed start-up losses for 3PL Service and ThePlace

Note: Comparative figures in 2022 for Hong Kong Ecommerce business are not adjusted to exclude Wet Market Express given its integrated and shared costs with HKTVmall and insignificant net financial impact

# New Ventures and Technology Business



	FY2023		FY2022		Variance	
	GMV on order intake / Service Income	Adjusted EBITDA Loss	GMV on order intake / Service Income	Adjusted EBITDA Loss		
	HK\$'mn	HK\$'mn	HK\$'mn	HK\$'mn	HK\$'mn	in %
WetMarket	100.7	(50.0)	-	-	(50.0)	NA
Fully Automated Retail Store and System (HK and UK)	-	(44.5)	-	(33.1)	(11.4)	34.6%
Everuts	30.4	(21.1)	0.0	(8.3)	(12.8)	154.9%
Life Science Project	-	(2.5)	-	(0.7)	(1.9)	NA
	<u>131.0</u>	<u>(118.2)</u>	<u>0.0</u>	<u>(42.1)</u>	(76.1)	181.0%
Unallocated portion		(8.0)		(15.0)	7.0	-46.5%
<b>New ventures and Technology Business Adjusted EBITDA Loss</b>		<u>(126.2)</u>		<u>(57.0)</u>	(69.2)	121.3%

- Wet Market Express** - grew its business aggressively achieving *GMV on order intake of HK\$100.6mn in 2023 with 10x growth in both monthly unique customers and monthly GMV on order intake (by comparing Jan 2023 and Dec 2023);*
- Everuts** - still in its initial start up stage since 1 Jan 2023, aggressively engaging international personal shoppers to over 6,000 at present and manage to expand its *GMV on order intake to HK\$30.4mn in 2023.*

# Group Gross Contribution Analysis



On Completed Orders and Adjusted Basis	2023 HK\$'000	2022 HK\$'000	Variance HK\$'000	%
<b>Direct merchandise sales ("1P")</b>				
GMV on completed orders <sup>1</sup>	2,441,413	2,465,635	(24,221)	-1.0%
Cost of Inventories	(1,865,094)	(1,819,490)	(45,604)	2.5%
Gross profit	576,319	646,145	(69,826)	-10.8%
<b>Gross margin %</b>	<b>23.6%</b>	<b>26.2%</b>		
<b>Income from concessionaire sales and other service income ("3P")</b>				
GMV on completed orders	5,768,861	5,722,502	46,359	0.8%
Merchant payments (net off by annual fee, delivery and other service income) <sup>2</sup>	(4,511,856)	(4,456,562)	(55,294)	1.2%
Income from concessionaire sales and other service income	1,257,005	1,265,940	(8,935)	-0.7%
<b>Blended commission rate</b>	<b>21.8%</b>	<b>22.1%</b>		
Total GMV on completed orders	8,210,274	8,188,137	22,138	0.3%
Total gross profit and income from concessionaries sales and other income	1,833,324	1,912,085	(78,761)	-4.1%
<b>Blended GP/commission rate</b>	<b>22.3%</b>	<b>23.4%</b>		
<b>Multimedia advertising income and licensing of programme rights</b>	<b>150,537</b>	<b>131,630</b>	<b>18,907</b>	<b>14.4%</b>
<b>Gross Contribution from Ecommerce business segment</b>	<b>1,983,861</b>	<b>2,043,715</b>	<b>(59,854)</b>	<b>-2.9%</b>
<b>Gross margin % (including multimedia advertising income and licensing of programme rights)</b>	<b>24.2%</b>	<b>25.0%</b>		
Income from New Ventures and Technology business, net	12,744	5,357	7,387	137.9%
<b>Gross Contribution from Ecommerce and New Ventures and Technology business segment</b>	<b>1,996,605</b>	<b>2,049,072</b>	<b>(52,467)</b>	<b>-2.6%</b>

## Ecommerce business (HKTVmall, ThePlace and 3PL)

- 1P vs 3P GMV = 29% vs 71% (2022: 30% vs 70%)**
- 1. Blended Gross Margin** (before multimedia advertising income): **22.3%** (2022: 23.4%)
- 2. 1P GP at 23.6%:** Deliberated margin reduction to maintain online competitiveness, drive purchase of less frequently purchased products (2022: 26.2%)
- 3. 3P Blended Commission Rate at 21.8%:** Offer flexible business models and delivery options at various commission rate to suit different business needs, and net of 3PL service income (2022: 22.1%)
- 4. Multimedia Advertising Income** with 14.4% growth reaching HK\$150.5mn (2022: HK\$131.6mn)

**New Ventures** with combined net contribution of HK\$12.7mn (2022: HK\$5.4mn)

### Remarks:

- For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK\$4,364,000 (2022: HK\$718,000) and use of promotional coupon of HK\$44,067,000 (2022: HK\$39,297,000).
- For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK\$1,562,000 (2022: HK\$496,000) and included merchant annual fee amortisation and other service income, and service income for 3PL Service.

# Group Key Operating Expenses



	As a % of GMV on completed orders	2023 HK\$'mn	As a % of GMV on completed orders	2022 HK\$'mn	Variance HK\$'mn	Variance in %
Fulfilment costs (note 1) included 3PL Fulfilment costs	11.3%	930.1	11.7%	961.6	(31.5)	-3.3%
Marketing, promotional and O2O shop marketing expenses	2.7%	222.5	2.4%	194.3	28.2	14.5%
O2O shop operating expenses (note 2)	2.4%	196.7	1.8%	146.2	50.5	34.5%
Ecommerce operation and supporting functions	4.8%	391.4	4.6%	376.9	14.5	3.8%
<b>Ecommerce business key operating expenses</b>	<b>21.2%</b>	<b>1,740.7</b>	<b>20.5%</b>	<b>1,679.0</b>	<b>61.7</b>	<b>3.7%</b>
<b>New Ventures and Technology business segment key operating expenses (note 3)</b>		<b>136.5</b>		<b>76.0</b>	<b>60.5</b>	<b>79.6%</b>
Unallocated operating expenses		32.8		30.0	2.8	9.4%
Total key cash operating expenses		1,910.0		1,785.0	125.0	7.0%
Non-cash items (note 4)		137.1		137.3	(0.2)	-0.1%
<b>Total other operating expenses under management reporting purpose</b>		<b>2,047.1</b>		<b>1,922.3</b>	<b>124.8</b>	<b>6.5%</b>
Less: Marketing promotional and O2O shop operating expenses deducted in turnover		(50.0)		(40.5)	(9.5)	23.4%
Less: interest on lease liabilities included in finance costs		(17.8)		(13.1)	(4.7)	35.6%
<b>Total other operating expenses under statutory reporting purpose</b>		<b>1,979.3</b>		<b>1,868.7</b>	<b>110.6</b>	<b>5.9%</b>

1. Including depreciation — other properties leased for own use of HK\$85.2 million (2022: HK\$69.7 million) and interest on lease liabilities of HK\$14.3 million (2022: HK\$10.1 million)
2. Including depreciation — other properties leased for own use of HK\$74.1 million (2022: HK\$74.8 million) and interest on lease liabilities of HK\$2.5 million (2022: HK\$2.6 million)
3. Including depreciation — other properties leased for own use of HK\$6.3 million (2022: HK\$4.7 million) and interest on lease liabilities of HK\$0.9 million (2022: HK\$0.4 million)
4. Excluded depreciation — other properties leased for own use of HK\$165.6 million (2022: HK\$149.2 million)

# Group Key Operating Expenses



- **Ecommerce Fulfillment costs:**
  - Fulfillment cost % decreased to 11.3% of GMV on completed orders in 2023 (2022: 11.7%), included fulfillment operating costs for HKTVmall and 3PL Service.
  - Decrease in cost % was mainly caused by (1) Implementation of merchant delivery plan in 2H2022 has yielded favorable results in diluting the overall fulfillment cost percentage; (2) No COVID-19 related incremental expenses and allowances incurred during the year.
- **Ecommerce Marketing, promotional and O2O shop marketing expenses:**
  - Marketing cost % increased to 2.7% of GMV on completed orders (2022: 2.4%) given (1) *normal level of promotional activities* were resumed post COVID-19 in 2023; (2) a *large-scale marketing campaign – “Mom certified”* with advertisements dominated the trackside panels of 58 MTR stations together with the strategic distribution of discounted cash vouchers totaling not less than HK\$3,000 to HKTVmall users was launched in November 2023.
  - Include \$50.0M (2022: \$40.5M) Mall Dollars granted and promotional coupons used which was deducted in Turnover under statutory reporting disclosure.
- **Ecommerce O2O shop operating expenses :**
  - Accounted for 2.4% of GMV on completed orders (2022: 1.8%), the increase was partially due to less recharge to fulfillment for shop pick-up orders and full force on shop operations in 2023 in view of the relaxation of COVID-19 measures which has partially shifted the delivery options back to door-to-door last mile delivery but in the meantime with increased shop POS activities.
  - Number of O2O shop network were 87 in December 2023 (including 5 mega stores) vs 93 in December 2022 (including 5 mega stores).
- **Ecommerce operation and supporting functions:**
  - Increased to 4.8% of GMV on completed orders in 2023 (2022: 4.6%) and includes payment processing charges, merchant relations and acquisition, customer service, allocated un-capitalized research and development costs incurred for Hong Kong Ecommerce business, and other supporting functions for HKTVmall, ThePlace and 3PL.
- **New Venture and Technology business key operating expenses:** Increase by \$60.5M, mainly due to (1) the *start-up operating expenses* incurred for New Ventures mainly including Everuts, Fully Automated Retail Store and System, Life Sciene Project and Wet Market Express, particularly on Evertus and Wet Market Express for *enlarging business scale*; (2) allocated uncapitalized technical costs for New Venture Projects. While in 2022, it had \$12.2M write off of receivables and other contract assets due to cessation of ESEE operations.
- **Unallocated segment operating expense:**
  - Mainly represented the expenses of head office and corporate expenses not allocated to HK Ecommerce business or New Ventures and Technology business.

# Consolidated Statement of Financial Position

Strong Liquidity with Investment in Other Financial Assets and Cash Balance of HK\$935.4 million



	Dec-23	Dec-22	Variance	
	HK\$'000	HK\$'000	HK\$'000	in %
<b>Property, plant and equipment</b>	<b>1,517,182</b>	<b>1,377,003</b>	<b>140,180</b>	<b>10.2%</b>
Other properties leased for own use	452,902	594,548	(141,646)	-23.8%
Intangible assets (HKBN Network IRU and telecom facilities)	36,691	38,735	(2,044)	-5.3%
Intangible assets (qualified R&D costs)	98,535	64,474	34,061	52.8%
Other financial assets (Fixed income and Equity investment)				
Non-current	201,060	292,791	(91,732)	-31.3%
Current	160,712	51,742	108,970	210.6%
Other receivable, deposits and prepayments	191,682	268,369	(76,687)	-28.6%
Inventories and other contract costs	140,418	144,791	(4,373)	-3.0%
Time deposit	243,028	-	243,028	NA
<b>Cash and cash equivalents</b>	<b>330,565</b>	<b>705,807</b>	<b>(375,242)</b>	<b>-53.2%</b>
Deferred tax assets	89,005	81,252	7,753	New
<b>Total Assets</b>	<b>3,461,780</b>	<b>3,619,512</b>	<b>(157,732)</b>	<b>-4.4%</b>
Accounts payable	382,760	354,627	28,133	7.9%
Other payables and accrued charges	453,408	444,277	9,131	2.1%
Deposits received	5,757	5,757	-	0.0%
Lease liabilities	472,799	604,493	(131,694)	-21.8%
Deferred tax liabilities	1,709	1,566	142	9.1%
<b>Total Liabilities</b>	<b>1,316,432</b>	<b>1,410,719</b>	<b>(94,287)</b>	<b>-6.7%</b>
<b>NET ASSETS</b>	<b>2,145,348</b>	<b>2,208,792</b>	<b>(63,444)</b>	<b>-2.9%</b>
Share capital	1,805,004	1,800,972	4,032	0.2%
Reserve	340,344	407,820	(67,476)	-16.5%
<b>TOTAL EQUITY</b>	<b>2,145,348</b>	<b>2,208,792</b>	<b>(63,444)</b>	<b>-2.9%</b>



## 2024 Business Targets

– Remain Cautious on Volatile Capital and Business Environment

Amid the challenging economic recovery and evolving structural changes in consumer characteristics and behavior, management faces challenges in projecting the Group's performance for the next two to three years and *the target of achieving HK\$12.0 billion GMV on order intake by 2026 is shrouded in uncertainty* and will require tremendous, sustained effort and strategic investments.

### HKTVMall Only - 2024 Business Target

#### GMV on Order Intake

**HK\$8.7bn to  
HK\$9.1bn**

y-o-y growth by 5.0% - 9.8%,  
subject to Hong Kong retail  
sector recovery in 2024

**2023 Actual:** HK\$8.29bn

#### Multimedia Advertising Income

**HK\$143.0mn**

HK\$133.0mn commitment had  
received

**2023 Actual :** HK\$150.5mn

#### Blended Gross Margin and Commission Rate

**22.0% - 22.5%**

before including Multimedia  
Advertising Income

**2023 Actual:** 22.2%

#### Adjusted EBITDA

**2.6% - 3.0%**  
(~HK\$226.0mn to  
HK\$273.0mn) with  
dynamic resources allocation  
between different OPEX  
items

**2023 Actual:** 3.1%  
(HK\$256.4mn)



## 2024 Business Targets

– Remain Cautious on Volatile Capital and Business Environment

### HKTVMall Only – 2024 Business Targets

**Fulfilment Costs %**

**10.7% - 10.8%**

**2023 Actual: 10.8%**

**Marketing, Promotion  
and O2O Shop  
Marketing Expenses**

**2.8% - 3.0%**

**2023 Actual : 2.7%**

**O2O Shop Operating  
Expenses**

**2.2% - 2.4%**

**2023 Actual: 2.4%**

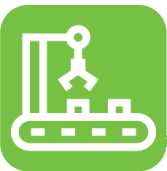
**Ecommerce operational  
and supporting costs\***

**4.8% - 5.0%**

**2023 Actual: 4.4%**

\*Ecommerce Operation and Supporting Costs, include allocated uncapitalised technical costs incurred for HKTVMall technical development and allocated other supporting departments costs





## 2024 Business Targets

– Remain Cautious on Volatile Capital and Business Environment

Wet Market Express		Everuts		Fully Automated Retail Store and System : In:Five		Life Science Project
<b>GMV on order intake</b>	<b>Adjusted EBITDA Loss</b>	<b>GMV on Order Intake</b>	<b>Adjusted EBITDA Loss</b>	<b>GMV on Order Intake</b>	<b>Adjusted EBITDA Loss</b>	<b>Adjusted EBITDA Loss</b>
HK\$200mn to HK\$260mn y-o-y growth by 98.6% to 157.3%	HK\$43mn to HK\$49mn	HK\$144mn y-o-y growth by ~373.7%	HK\$35mn	HK\$5.3mn	HK\$57mn	HK\$10mn
<b>2023 Actual:</b> HK\$100.6mn	<b>2023 Actual:</b> HK\$50.0mn	<b>2023 Actual:</b> HK\$30.4mn	<b>2023 Actual :</b> HK\$21.1mn	<b>2023 Actual:</b> -	<b>2023 Actual:</b> HK\$44.5mn	<b>2023 Actual:</b> HK\$2.5mn

# Updated CAPEX Plan For TKO Headquarters - 2024 - 2026

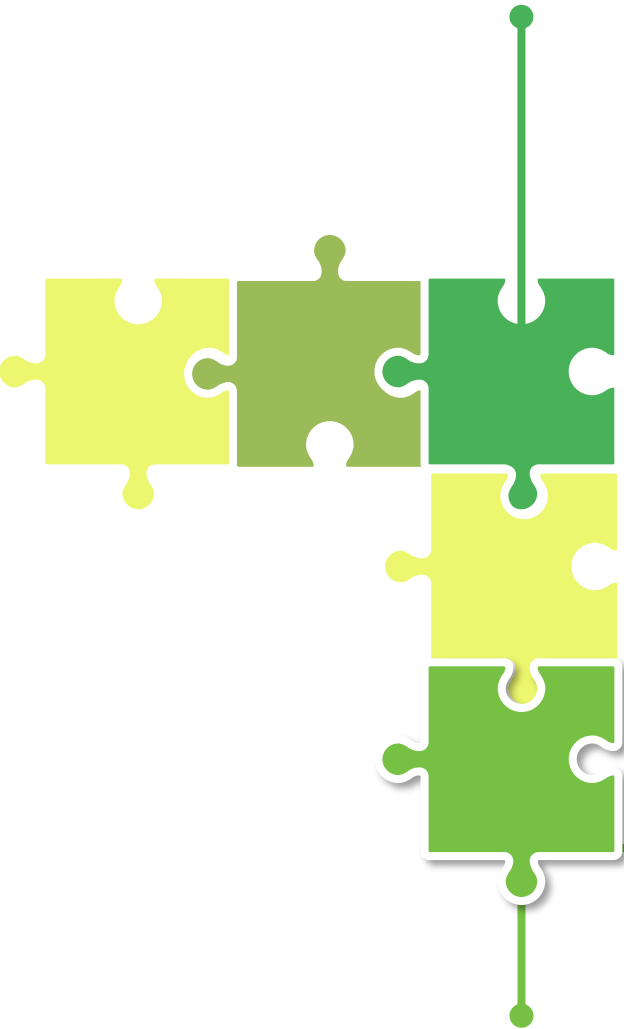


## Updated CAPEX Plan of HK\$250mn – HK\$300mn for 2024 - 2026

Amid the *downturn in economic confidence and continuing shift to 3P business*, management revisited and updated the expansion plan at our Tseung Kwan O HQs.

The revised core CAPEX plan for 2024 – 2026:

- HK\$250 million to HK\$300 million;
- Focus on expanding the distribution capacity as a depot center and sorting capacity for 3P business parcels.
- Estimated CAPEX includes construction costs of a new building for loading and unloading functions and several automated systems for sorting and storage.



# eCommerce Business Overview

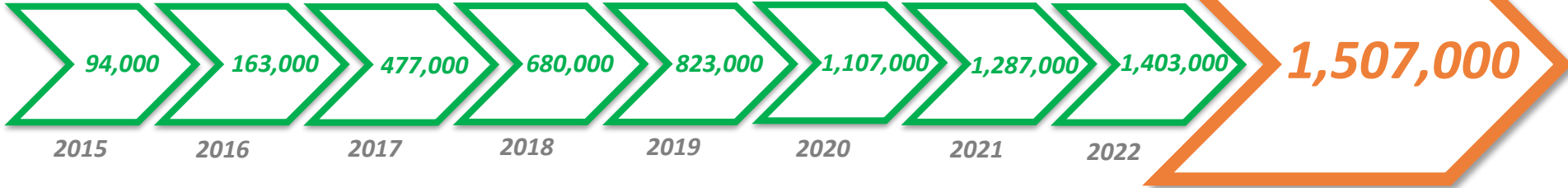
**Ms. Jelly Zhou**  
**Chief Executive Officer (Hong Kong)**



# Solid Foundation on Customer Base

Supporting New Initiative Launch & Further Expanding Business Scope

**Combined Unique Customers**  
(rounded to the nearest thousand)



**2023**



# Fast Development on Wet Market Express

## Creative Contention Promotions

Introducing “Wet Market Express” Service and unveiling the new logo



### YouTube Works Awards Hong Kong

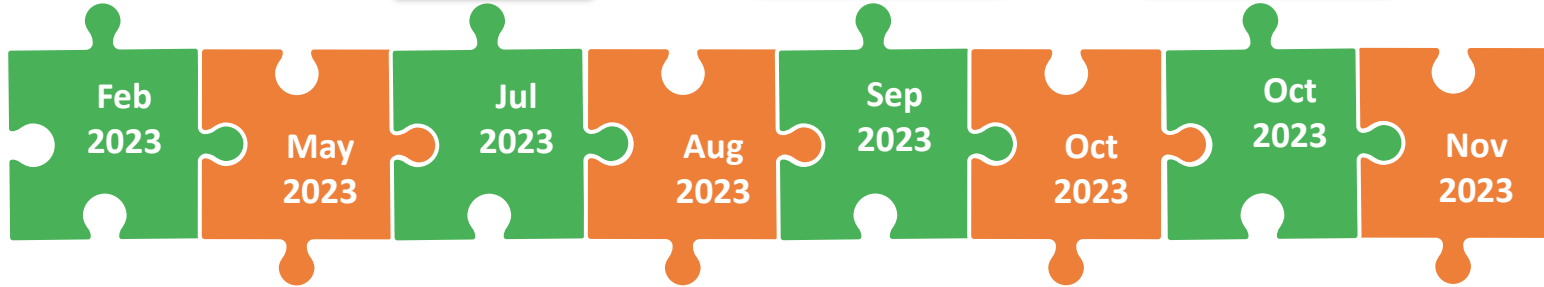
Best Collaboration: Brand & Creator - “Try Once- Try to be a HKTVMall Wet Market Express Professional”



> 460K Views on collaborative video with a famous YouTube channel



> 470K Views on collaborative video with a KOL



“Mom-certified!” Campaign Dominated 58 MTR stations

Covering 10 wet markets across Hong Kong Island, Kowloon, and the New Territories

Expanded our network covering approximately 91.5% of HKTVMall existing customer base as of Aug 2023



> 930K Views on collaborative content with a famous IG Page





# Exponential Growth: Unleashing the Potential of Wet Market Business



Total GMV in 2023  
**HK\$100m**

**10x\*** increase in  
the number of monthly  
customer in 2023  
\* Comparing Jan and Dec of 2023

> **400** Wet Market merchants  
> **20,000** SKUs available for  
customers' exploration

# 8-hour Express Delivery



8萬件超市百貨  
8小時送達



認住標籤 8小時送達

Order by **1pm** for same-day delivery

8小時送達



Covering **85,000+** items from grocery, personal care, skincare, Pets, Electronic products, etc.

Target to reach **120,000** items available for 8-hour delivery by 2024 including 3PL items from merchants

# Empowering Merchants to Run Online Business

Marketing tool – HKTVLive + Video-On-Demand (VOD)



HKTVLive



VOD



Target to Launch in  
Q2 2024

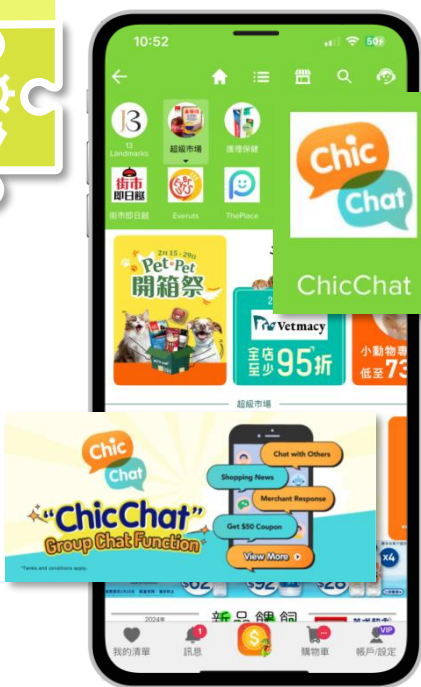
Pre-qualified KOLs tag products from HKTVmall for sales via HKTVLive and/or VOD

Up to 10% of GMV will be paid to KOL by HKTVmall



# Empowering Merchants to Run Online Business

Marketing Tool -



Merchant ↔ Customer



Customer ↔ Customer

Real-time interactive channel, allowing merchants to create their own customer groups, and enabling direct communication to establish close relationships

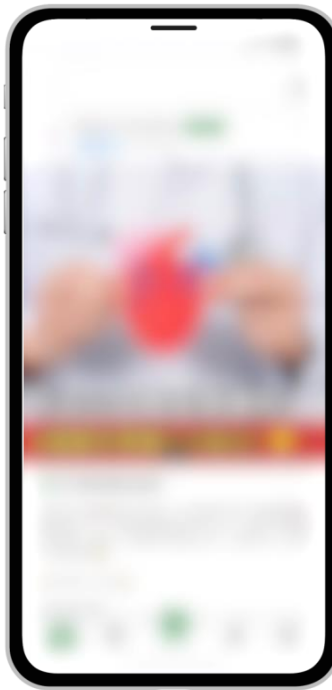
Block private communication between customers, ensuring the protection of customer contact information

# Empowering Merchants to Run Online Business

Marketing Tool -



Offered a **5% Mall Dollar rebate** to users who successfully recommend products to others and to customers who make "follow purchases"



Content-driven marketing tool that encourages merchants, influencers, and content creators to share product information

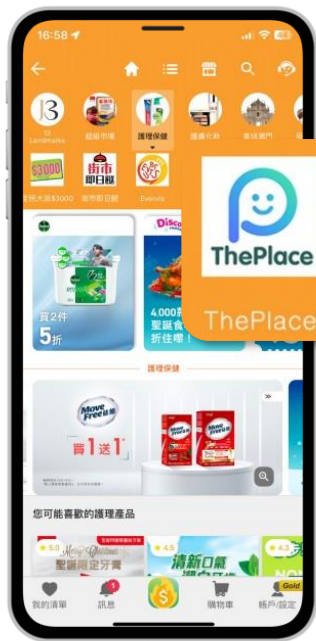
Encourage customers to share their experiences and feedback on products

Unique Users  
in 2023

960,000+

# Empowering Merchants to Run Own eShop Business

All-in-One eStore Solution



One stop solution to help merchants build their **own individual eShops**

**Integration with logistics platforms**

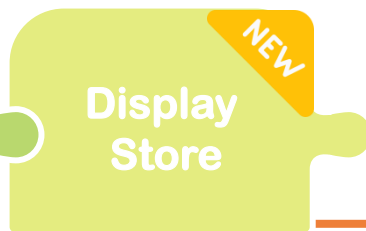
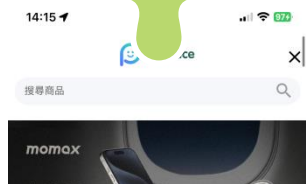
More choices on logistics partners with automating processes to assist in operations

**One click conversion** to upload the SKU data from other platforms to ThePlace

More **effectively place digital ads** by using HKTVMall's big data, target to launch in Q2 2024

# Empowering Merchants to Run Online Business

## New Store Format – Display Store



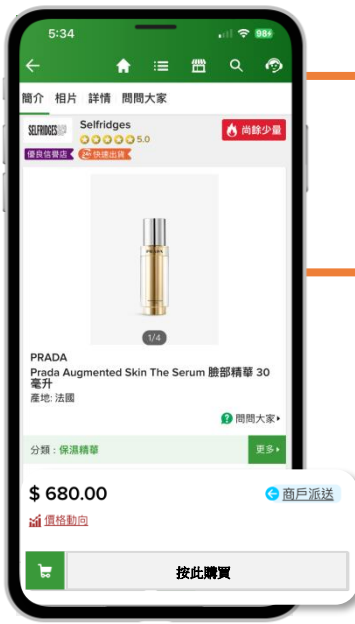
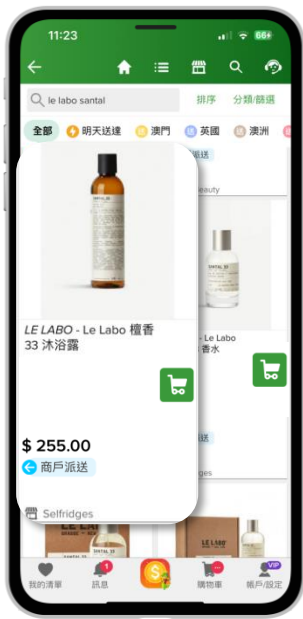
Redirects customers from HKTVMall to merchants' official stores

All display stores have to be verified by HKTVMall before launching

HKTVMall is a place where you can find all different products

# Empowering Merchants to Run Online Business

## New Store Format – Display Store



The first display store – **Selfridges** launched in Dec 2023

Redirect customers from HKTVMall to the official website of Selfridges and check-out

**5% Mall Dollar** rebate to customers for every purchase at Selfridges

# We Care About Sustainability to Build a Greener Ecommerce Industry

Launched of The First 3 temperature Electric Truck in HK in Mar 2024



**First electric truck** in HK with 3 different temperature compartments: ambient, chilled and frozen compartments

**30% faster** to reach frozen temperature (-18°C), more efficient & energy saving

Produce **zero tailpipe** emissions, which helps reduce greenhouse gas emissions

# We Care About Sustainability to Build a Greener Ecommerce Industry

## Rebranding Outlet Stores



Launched in Dec 2023



Over 200,000 defective items were saved within 1 year



Tuen Mun  
H.A.N.D.S  
Shop

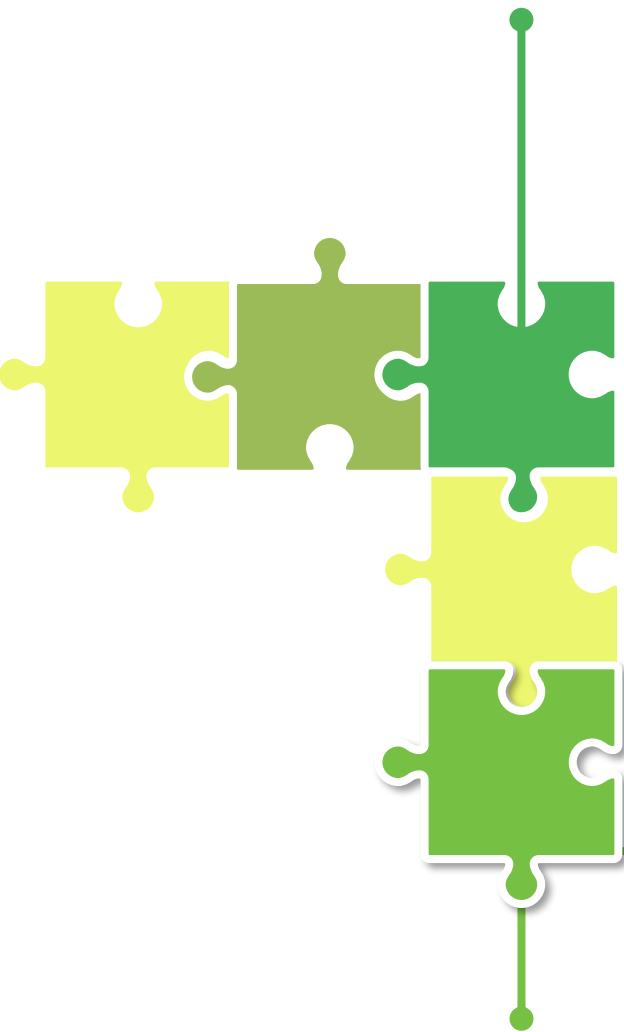


Tai Wo Hau  
Estate Shop



Products for sale include nearing expiration, have slight packaging damage, and groceries that are within 3 months past their best before date

Gradually raise the attention of merchants and customers on **sustainable development**



# UPDATES ON NEW VENTURES & TECHNOLOGY BUSINESS

**Mr. Kenneth Lau**  
**Chief Executive Officer (International Business)**



# CONTENTS



**Third Party Logistics Service**



**International Shopping Platform – Everuts**



**Smart Store in The UK – in:Five**

# Third Party Logistics Service



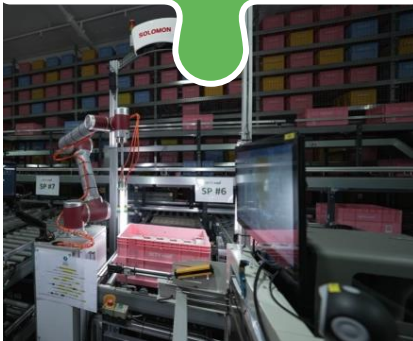
Launched in **Jul 2023** with advanced automated systems in operation

The brand new 144,000 sq. ft. Third Party Logistics Centre in Tsing Yi provides merchants with **one-stop order processing and fulfilment management services**

# Third Party Logistics Service



Able to handle  
**20,000+**  
order-picking daily



Potential Storage  
**100,000+**  
SKUs



Categories reaching  
storage capacity :  
**Electronics,  
Pet supplies,  
Personal care & health**

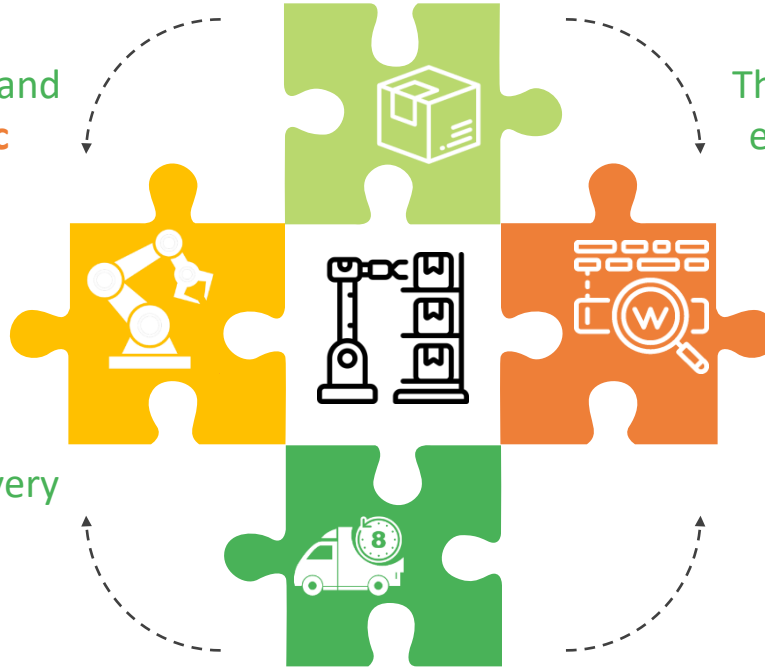


# Third Party Logistics Service



Lower warehouse, operation and labour cost with **automatic systems**

The **strict order packing service** ensures every product is well-packed



Providing express order delivery service as fast as **8 hours**

**Higher ranking** in HKTVmall keyword search



Top merchants in electronics, pets and personal care experienced **62-198% growth** after joining 3PL, comparing to the same period in 2022

# Credible International Shopping Platform

# EVERUTS

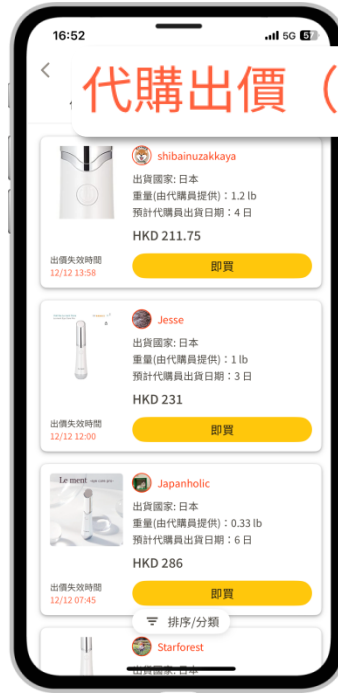
## Benefits of shopping on Everuts



Personal shoppers in **over 30 countries and locations** around the globe with a strong focus on luxury and hobbyist goods

Price comparison opportunities for customers to **purchase at their desired prices**

Travelling Personal Shoppers also allow for tax refund making **overall purchases cheaper** than Hong Kong Retail prices



Strong emphasis on security, ensuring **safe and secure** payments for customers and personal shoppers

Services and Bookings requests – book restaurants, experiences and services around the globe

Personalised shopping experience – chat with a personal shopper for suggestions and advice on what to purchase

# Steps in Strengthening & Meeting Our Goals

# EVERUTS



Flow enhancement to **better showcase and find products** from overseas websites and blogs



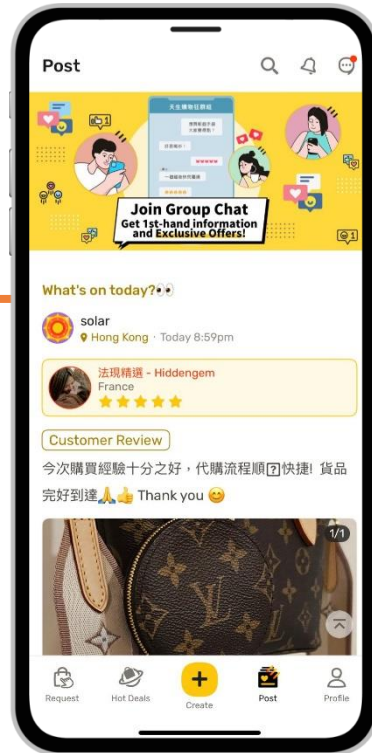
Group chats bring customers together, **building connectivity and personalisation**

Promotional pages help **introduce international hidden gems** known only by locals to the Hong Kong market

# Our Offer to The HK Market & Customers

# EVERUTS™

Incredible demand in Hong Kong, the ability to shop overseas **without the limitations of travelling** or bringing goods on a flight

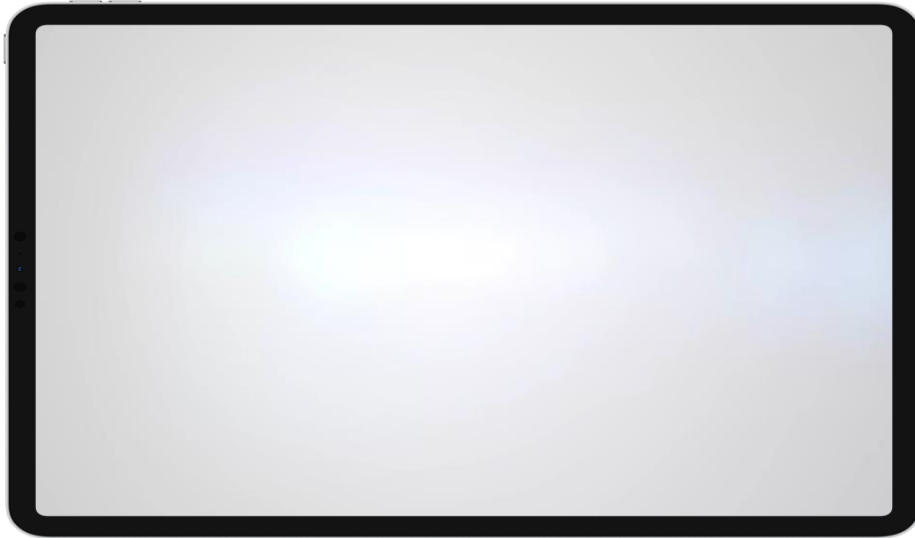


Traditional retail whether brick and mortar or online has always limited the customer to what the store had available. **With Everuts, the options are limitless**

**Gradual adoption of a new commerce platform.** Customers are finding it smooth and addicting to find new exciting products



# in:five Smart Store in The UK



- Fully automated Click and Collect purchases
- Handle orders with different temperatures including ambient, chilled and frozen products
- The **first company in the UK** to use **AI technology** to verify the age and intoxicated customers when selling cigarettes and alcohol





# in:five Smart Store in The UK



Investment Phase:  
An additional 1 to 2 years to  
refine the design of the system  
and stores overall operations



Develop new business in the  
UK faces certain difficulties  
including insufficient  
management resources, work  
cultural differences, etc.

- ✓ Confident in this **new technology** and **consumer acceptance**
- ✓ For the long-term benefit of the Group, it is a necessary task to **expand business outside Hong Kong** and **diversify business operations and investment locations**



**Thank You**



# Appendix

## 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.

# Consolidated Income Statement (Per Annual Report Disclosure)



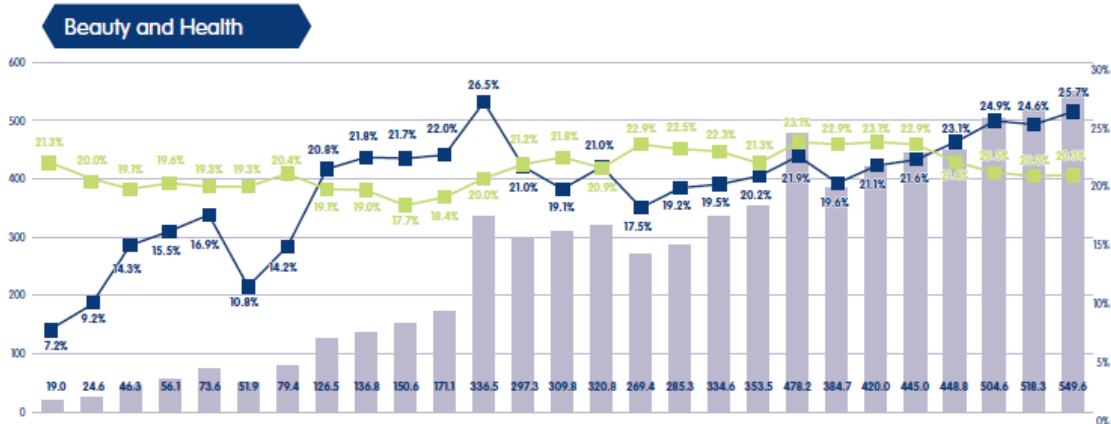
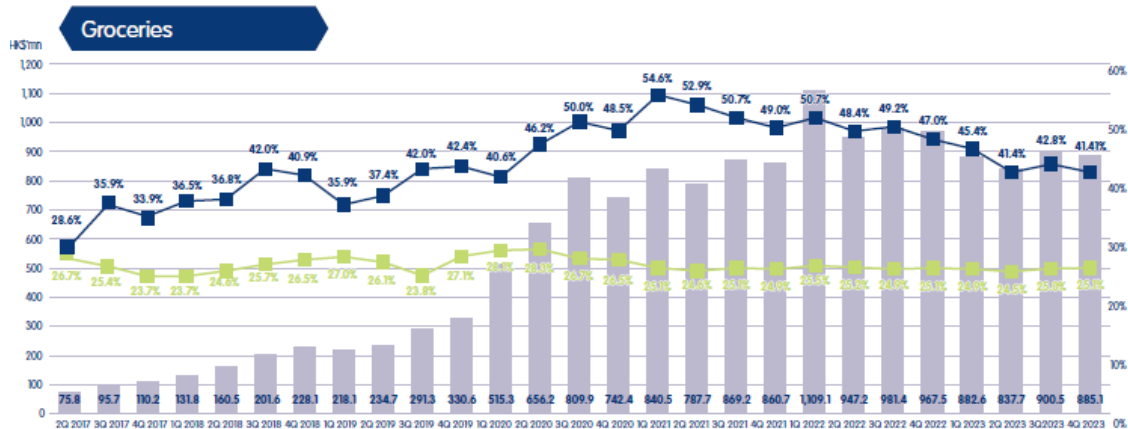
HKTV Group (Per Annual Report disclosure)	2023	2022	Variance	
	HK\$'M	HK\$'M	HK\$'M	%
Average daily order - Group (number of order)	50,000	49,500	500.0	1.0%
Average order value - Group (HK\$)	462	458	3.6	0.8%
-Direct Merchandise Sales ("1P") contribution	527.9	606.1	(78.2)	-12.9%
-Sales (net of discount)	2,393.0	2,425.6	(32.6)	-1.3%
-Cost of sales	(1,865.1)	(1,819.5)	(45.6)	2.5%
GP%	22.1%	25.0%		-2.9%
-Commission from Concessionaire Sales ("3P") contribution	1,268.2	1,265.4	2.7	0.2%
-Sales (net of discount)	5,770.2	5,722.0	48.2	0.8%
-Payment to Merchants	(4,502.0)	(4,456.6)	(45.4)	1.0%
GP%	22.0%	22.1%		-0.1%
<b>Multimedia advertising income and licensing of programme rights</b>	<b>150.5</b>	<b>131.6</b>	<b>18.9</b>	<b>14.4%</b>
Gross Contribution from Ecommerce	1,946.6	2,003.2	(56.6)	-2.8%
Gross Margin	23.8%	24.6%		-0.7%
Technology and other business income	-	5.4	(5.4)	-100.0%
Other income (expenses) (excluded exchange gain/(loss))	94.9	21.5	73.4	341.0%
Valuation gain	(0.6)	0.7	(1.3)	-192.3%
Exchange gain/(loss)	(4.4)	(6.0)	1.7	-27.5%
<b>Operating expenses</b>	<b>(1,979.3)</b>	<b>(1,868.7)</b>	<b>(110.6)</b>	<b>5.9%</b>
Finance costs	(18.5)	(13.6)	(4.9)	35.6%
Profit before taxation	38.8	142.4	(103.6)	-72.8%
Income tax credit	6.6	69.8	(63.3)	-90.6%
<b>Profit for the period</b>	<b>45.3</b>	<b>212.2</b>	<b>(166.9)</b>	<b>-78.6%</b>

# Reconciliation of Group Adjusted EBITDA



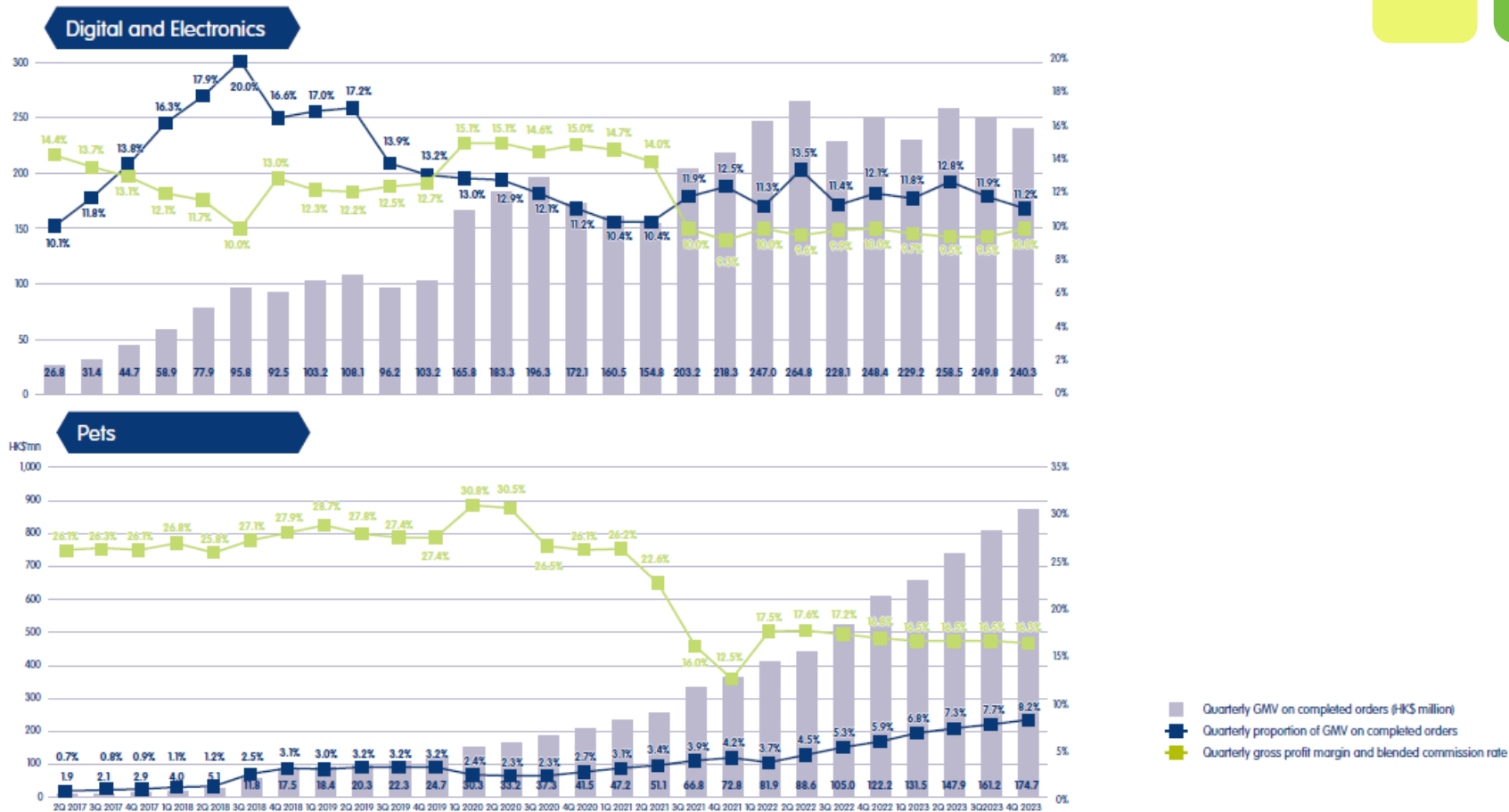
Reconciliation of EBITDA and Adjusted EBITDA	2023	2022	Variance	
	HK\$'000	HK\$'000	HK\$'000	%
GMV on Order Intake	8,423,983	8,276,171	147,812	1.8%
GMV on Completed Orders	8,330,130	8,188,137	141,993	1.7%
<b>Profit for the year</b>	<b>45,321</b>	<b>212,204</b>	<b>(166,883)</b>	<b>-78.6%</b>
	0.5%	2.6%		
Income tax credit	(6,557)	(69,844)	63,287	-90.6%
Investment returns	(42,774)	(22,171)	(20,603)	92.9%
Depreciation (excluded depreciation on other properties leased for own use)	119,497	122,162	(2,665)	-2.2%
Amortisation on intangible assets	15,135	12,043	3,092	25.7%
Amortisation on other contract cost assets	-	803	(803)	-100.0%
<b>EBITDA</b>	<b>130,622</b>	<b>255,197</b>	<b>(124,575)</b>	<b>-48.8%</b>
<b>EBITDA/GMV on completed orders (in %)</b>	<b>1.6%</b>	<b>3.1%</b>		
Major non-cash items			-	0.0%
- Valuation losses (gains) on investment properties	600	(650)	1,250	-192.3%
- Exchange (gain)/loss	(4,364)	6,018	(10,383)	-172.5%
- (Reversal)/provision of expected credit loss on debt securities measured at FVOCI	(214)	42,247	(42,461)	-100.5%
- Provision of expected credit losses on interest receivable	-	1,600	(1,600)	-100.0%
- Write-off of receivables and other contract costs, net	-	16,295	(16,295)	-100.0%
- (Reversal)/provision of equity-settled share-based transactions	(1,207)	1,146	(2,353)	-205.3%
- Gain on unwinding the discounting effect of rental deposits	(3,471)	-	(3,471)	0.0%
- Unrealised fair value loss on debt securities measured at FVPL	772	13,263	(12,491)	-94.2%
- Government subsidies	(21)	(18,728)	18,707	-99.9%
<b>Adjusted EBITDA</b>	<b>122,717</b>	<b>316,388</b>	<b>(193,672)</b>	<b>-61.2%</b>
<b>Adjusted EBITDA/GMV on completed orders (in %)</b>	<b>1.5%</b>	<b>3.9%</b>		

# Trend on Gross Profit and Blended Commission Rate Performance



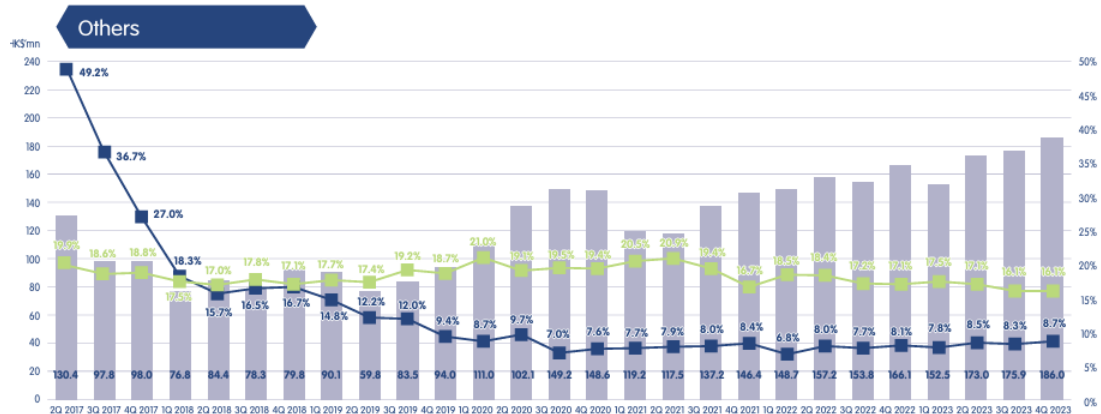
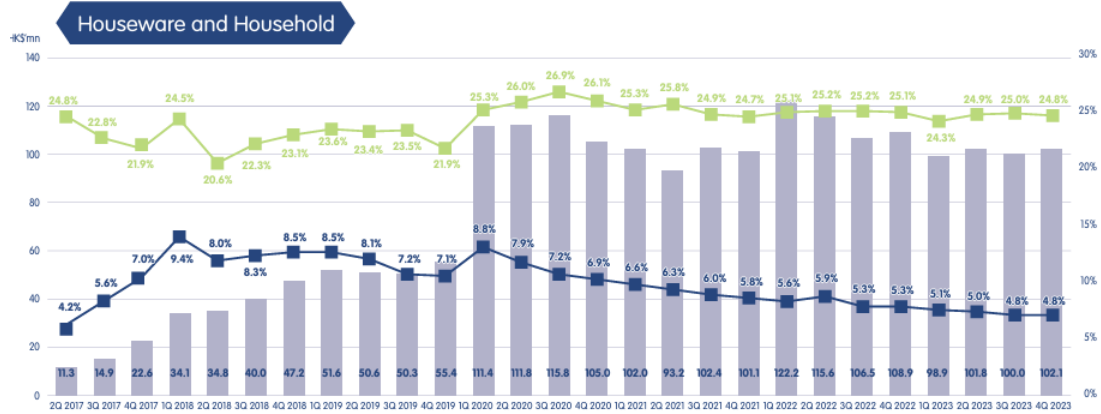
- Quarterly GMV on completed orders (HK\$ million)
- Quarterly proportion of GMV on completed orders
- Quarterly gross profit margin and blended commission rate

# Trend on Gross Profit and Blended Commission Rate Performance





# Trend on Gross Profit and Blended Commission Rate Performance



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



**Thank You**