



# Hong Kong Technology Venture Company Limited

(Stock code: 1137)

Annual Results  
for the year ended 31 December 2021

30 March 2022



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# Group Financial Review

Alice Wong  
Group Chief Financial Officer





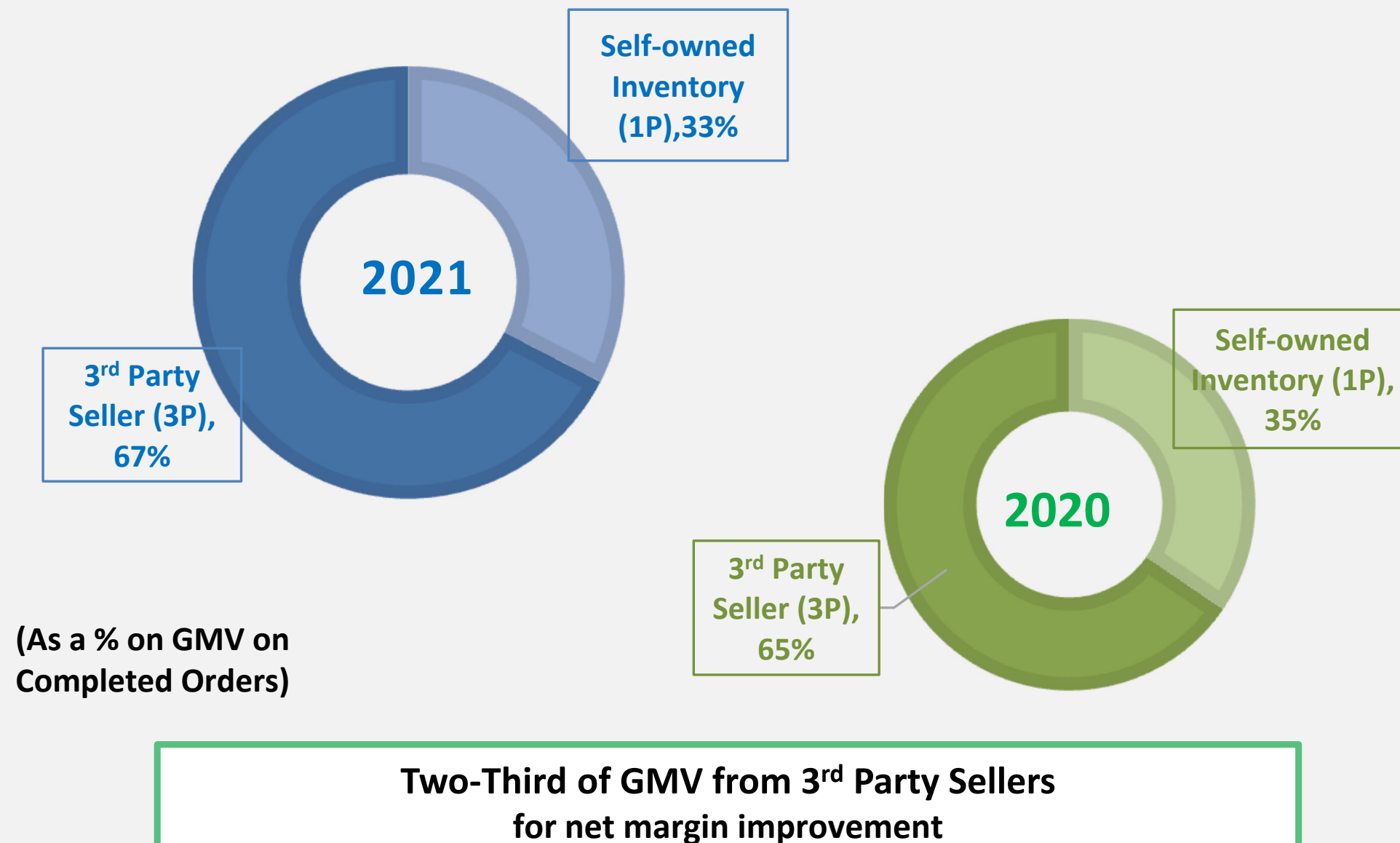
## Lessons Learned in 2021 for a Better 2022

- **Capture market opportunity to GROW even at lower margin**
  - ✓ 2021 is our 2<sup>nd</sup> year in a row being Profitable
  - ✓ Though at a lower profit margin, HKTVmall performed better than the market with 10.4% y-o-y growth on GMV on order intake while the retail market only has 8.1%.
- **Effective Marketing Investment**
  - ✓ In 2021, we invested heavily in marketing and promotional expenses, in particular on the \$350/\$500 eGift Voucher Program, but the effectiveness was not as expected.
  - ✓ Going forward, we will drive for dynamic resources allocation between Marketing, Fulfilment and Technical Development to continue leading the Hong Kong online shopping mall segment.

# Ecommerce: Matured Online Landlord Model

Driving for GMV Growth

*Complementary 1P and 3P Business Model - increase the depth and breath of product choices, and efficiency on operation leverage*



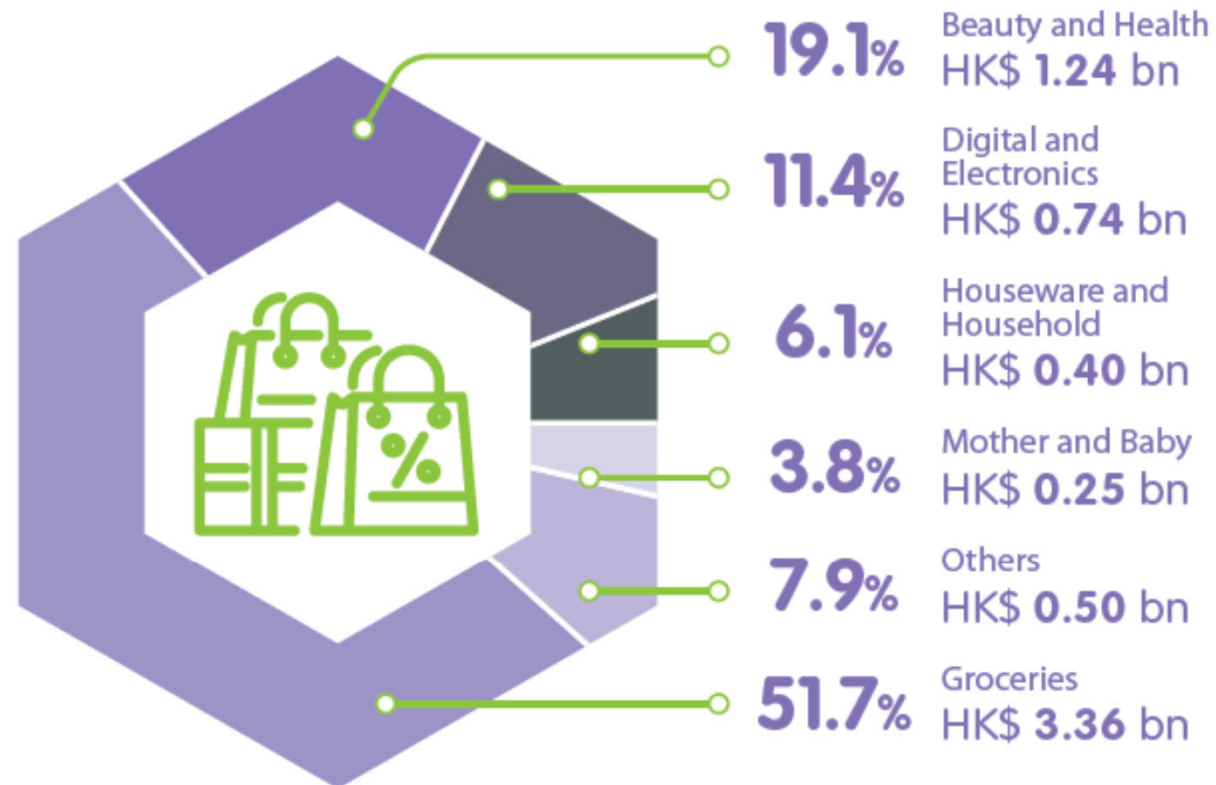
# HK's Leading Online Shopping Mall

## Solid Traffic Driver from Growing Grocery Base

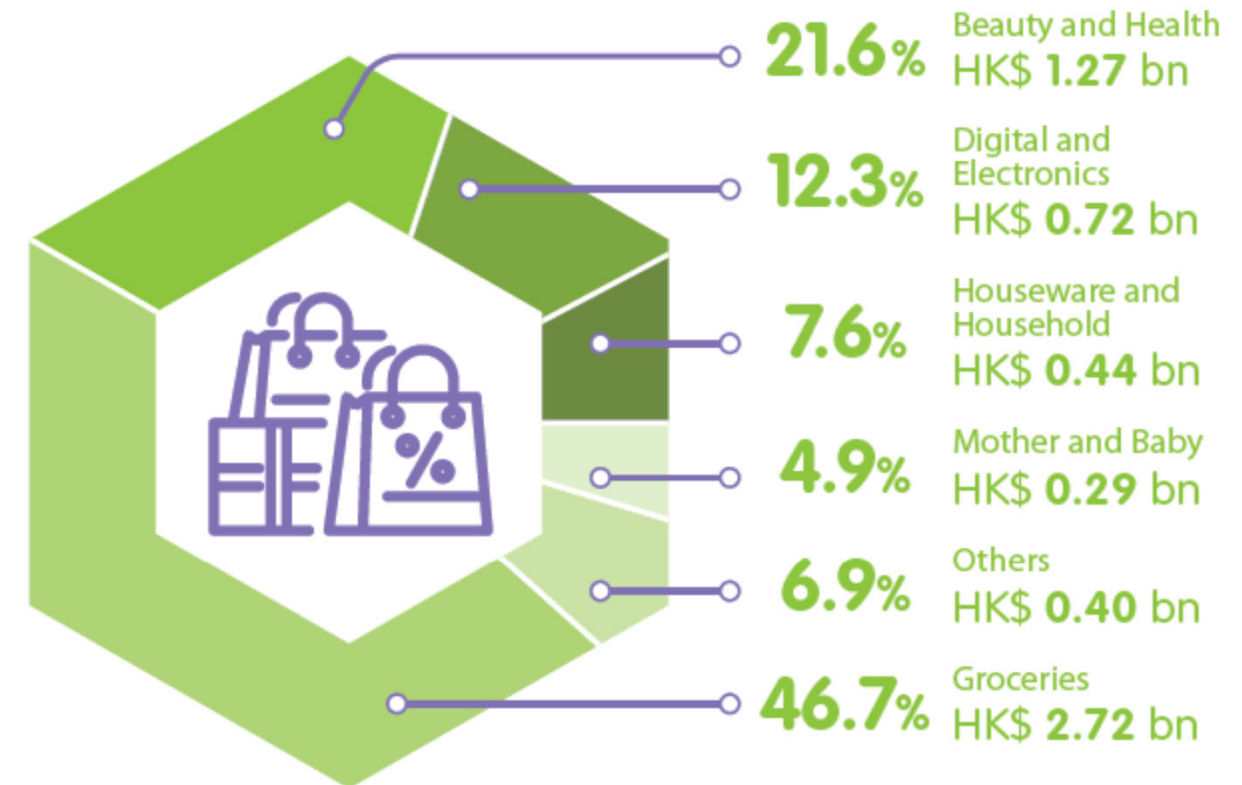
- Grocery to drive traffic for expanding customer base
- Multi-Categories products to drive cross-selling for all-rounded Repeated Purchases

### Product Categories Distribution & GM Growth Parameters

2021 GMV on  
completed orders of  
**HK\$6.49 bn**



2020 GMV on  
completed orders of  
**HK\$5.84 bn**



# Consolidated Income Statement – Group

2nd Profitable Annual Results despite of Challenging Operating Environment

	2021 HK\$'M	2020 HK\$'M	Variance HK\$'M	%
GMV on Order Intake	6,573.1	5,953.7	619.4	10%
GMV on Completed Orders	6,494.6	5,838.1	656.5	11%
Turnover - Ecommerce business	3,201.9	2,922.1	279.8	10%
Turnover - Technology business	0.9	-	0.9	0%
	3,202.8	2,922.1	280.7	10%
Cost of inventories	(1,575.1)	(1,463.5)	(111.6)	8%
Operating expenses	(1,674.9)	(1,375.1)	(299.8)	22%
Valuation gains/(losses)	16.1	(6.1)	22.2	-366%
Other income, net	47.1	116.9	(69.8)	-60%
Finance costs	(9.9)	(10.2)	0.3	-3%
Profit before taxation	6.1	184.1	(178.0)	-97%
Income tax (credit)/expenses	8.2	(0.6)	8.7	-1558%
Profit for the year	14.3	183.6	(169.3)	-92%
Profit margin (%)	0.2%	3.1%	-2.9%	
EBITDA	116.8	277.3	(160.5)	-58%
EBITDA/ GMV on completed orders (in %)	1.8%	4.8%	-3.0%	
Adjusted EBITDA	112.7	236.2	(123.4)	-52%
Adjusted EBITDA/ GMV on completed orders (in %)	1.7%	4.0%	-2.3%	

Remark: Government subsidies of HK\$70.9mn was included in 2020 profit for the year and EBITDA while none was recorded in 2021.

## HK Ecommerce Business Performance

- Build Flexibility for Fulfilment and Marketing reinvestment

On cost basis without inter-segment charges,

	2021 HK\$'M	2020 HK\$'M	Variance HK\$'M	in %
<b>Ecommerce business segment</b>				
<b>Adjusted EBITDA</b>	<b>112.6</b>	<b>255.8</b>	<b>(143.2)</b>	<b>-56.0%</b>
Inter-segment royalties charges for use of Ecommerce Solution provided by Technology segment	95.5	-	<b>95.5</b>	<b>New</b>
Technical expenses not qualified for capitalization which was incurred for eCommerce business development	(58.1)	-	<b>(58.1)</b>	<b>New</b>
<b>Ecommerce business adjusted EBITDA (at cost basis)</b>	<b>150.0</b>	<b>255.8</b>	<b>(105.8)</b>	<b>-41.4%</b>
<b>Adjusted EBITDA margin as a % of GMV on completed orders</b>	<b>2.3%</b>	<b>4.4%</b>		<b>-2.1%</b>

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



# Managed Blended Margin and Rising Multimedia Advertising Income

On Completed Orders and Adjusted Basis	2021 HK\$'000	2020 HK\$'000	Variance HK\$'000	%
<b>Direct merchandise sales</b>				
GMV on completed orders <sup>1</sup>	2,117,536	2,015,536	102,000	5.1%
Cost of Inventories	(1,575,052)	(1,463,465)	(111,588)	7.6%
Gross profit	542,484	552,071	(9,587)	-1.7%
<b>Gross margin %</b>	<b>25.6%</b>	<b>27.4%</b>		
<b>Income from concessionaire sales and other service income</b>				
GMV on completed orders	4,377,057	3,822,604	554,453	14.5%
Merchant payments (net off by annual fee, delivery and other service income) <sup>2</sup>	(3,383,393)	(2,939,871)	(443,522)	15.1%
Income from concessionaire sales and other service income	993,664	882,733	110,931	12.6%
<b>Blended commission rate</b>	<b>22.7%</b>	<b>23.1%</b>		
Total GMV on completed orders	<b>6,494,593</b>	<b>5,838,140</b>	656,453	11.2%
Total gross profit and income from concessionaries sales and other income	<b>1,536,148</b>	<b>1,434,804</b>	101,344	7.1%
<b>Blended GP/commission rate</b>	<b>23.7%</b>	<b>24.6%</b>		
<b>Multimedia advertising income and licensing of programme rights</b>	<b>90,667</b>	<b>23,804</b>	66,862	280.9%
Multimedia advertising income	<b>90,529</b>	<b>23,518</b>	67,011	284.9%
Other program license income	138	286	(148)	-51.9%
	<b>90,667</b>	<b>23,804</b>	66,862	280.9%
<b>Gross Contribution from Ecommerce business segment</b>	<b>1,626,815</b>	<b>1,458,608</b>	168,206	11.5%
<b>Income from Technology business segment</b>	<b>893</b>	<b>-</b>	893	New
<b>Gross Contribution from Ecommerce and Technology business segment</b>	<b>1,627,708</b>	<b>1,458,608</b>	169,099	11.6%

**Managed Blended Gross Margin at 23.7%**

## Direct Merchandise Sales (1P)

Lower gross margin to maintain online groceries competitiveness to drive for 3P business growth

## Concessionaire Sales (3P)

Slight decrease on blended commission rate at 22.7%, to

- (1) drive for electronics product choices expansion at lower commission rate “merchant delivery model”, 4Q2021 vs 1Q2021 GMV increased by 36%;
- (2) incentivise merchants to push business by “exceed target” rebate

## Multimedia Advertising Income

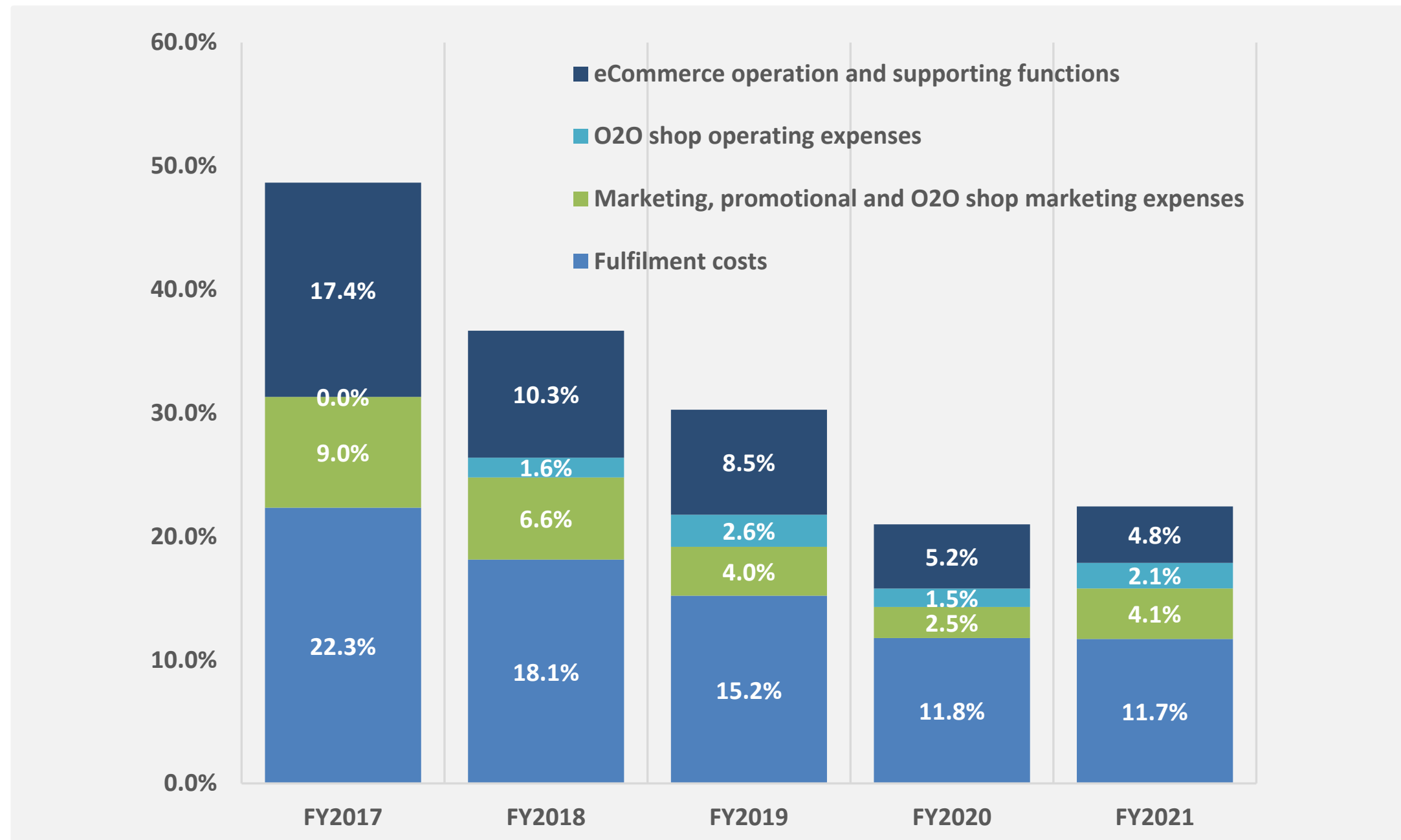
~ **4x growth** reaching HK\$90.5mn

### Remarks:

1. For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK\$1,839,000 (2020: HK\$19,490,000) and use of promotional coupon of HK\$68,503,000 (2020: HK\$25,720,000).
2. For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK\$2,254,000 (2020: addition of HK\$1,021,000) and included merchant annual fee amortisation and other service income.

# Ecommerce: Increasing Operating Leverage

## from 1P vs 3P Business Model



### 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

# Key Operating Expenses

	As a % of GMV on completed orders	2021 HK\$'mn	As a % of GMV on completed orders	2020 HK\$'mn	Variance HK\$'mn	in %
<b>Fulfilment costs (note 1)</b>	<b>11.7%</b>	<b>759.9</b>	<b>11.8%</b>	<b>687.5</b>	72.4	10.5%
<b>Marketing, promotional and O2O shop marketing expenses</b>	<b>4.1%</b>	<b>265.8</b>	<b>2.5%</b>	<b>146.7</b>	119.1	81.2%
<b>O2O shop operating expenses (note 1)</b>	<b>2.1%</b>	<b>134.5</b>	<b>1.5%</b>	<b>87.4</b>	47.1	53.9%
<b>eCommerce operation and supporting functions (note 1)</b>	<b>4.8%</b>	<b>310.5</b>	<b>5.2%</b>	<b>303.0</b>	7.6	2.5%
<b>Ecommerce business key operating expenses</b>	<b>22.7%</b>	<b>1,470.7</b>	<b>21.0%</b>	<b>1,224.6</b>	246.0	20.1%
Technology business key operating expenses (note 2)		41.6		-	41.6	NA
Unallocated segment operating expenses (note 3)		19.3		14.2	5.1	NA
<b>Total key cash operating expenses</b>		<b>1,531.6</b>		<b>1,238.8</b>	292.8	23.6%
Non-cash items (note 4)		143.3		136.3	7.1	5.2%
Less: Marketing promotional and O2O shop operating expenses deducted in turnover		(72.6)		(44.2)	(28.4)	64.2%
<b>Total other operating expenses under management reporting purpose</b>	<b>24.7%</b>	<b>1,602.3</b>		<b>1,330.9</b>	271.4	20.4%

Note 1: Including depreciation — other properties leased for own use amount of HK\$54.8 million and HK\$61.0 million in "Fulfillment cost" and "O2O shop operating expenses" respectively (2020: HK\$43.0 million, HK\$43.7 million), and excluded interest on lease liabilities amount of HK\$7.4 million and HK\$1.9 million in "Fulfillment cost" and "O2O shop operating expenses" respectively (2020: HK\$5.9 million and HK\$2.2 million).

Note 2: Including depreciation — other properties leased for own use amount of HK\$2.2 million (2020: nil)

Note 3: Including depreciation — other properties leased for own use amount of HK\$1.5 million (2020: HK\$0.8 million)

Note 4: Excluding depreciation — other properties leased for own use of HK\$119.5 million (2020: HK\$87.5 million)

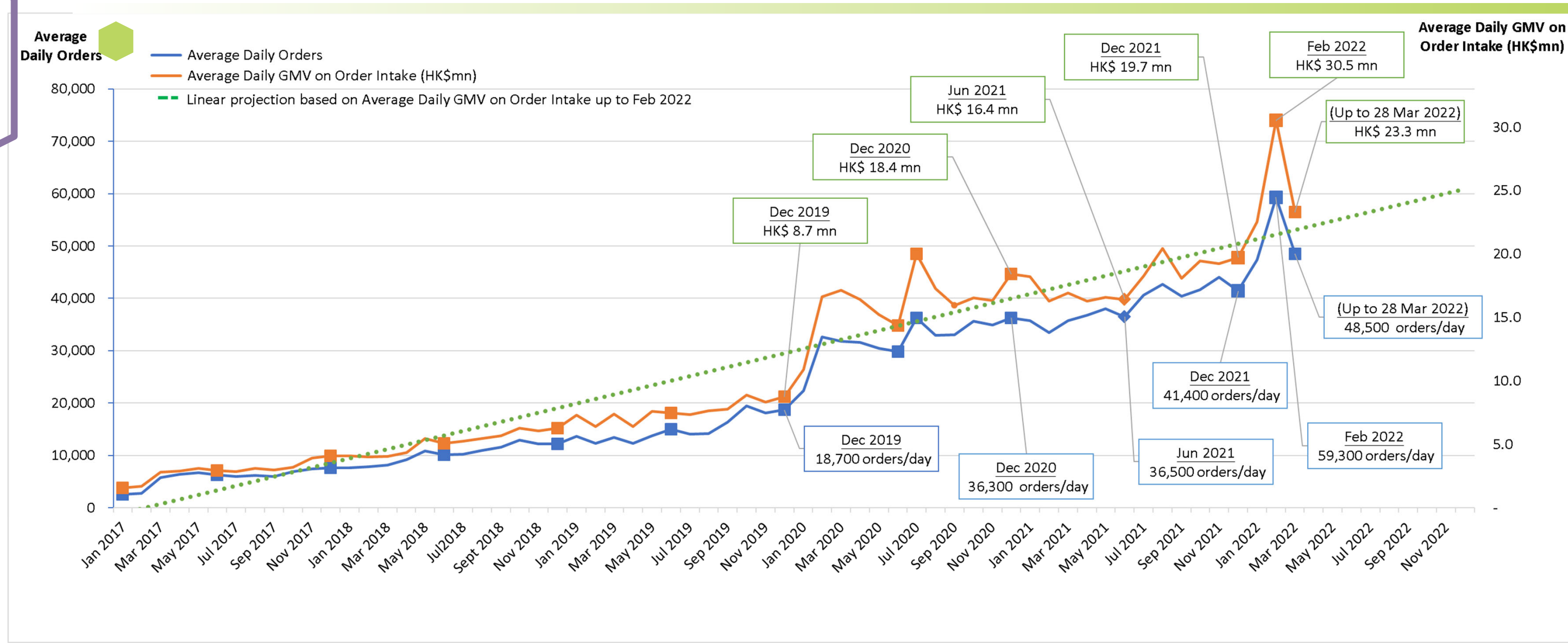
- **Fulfillment costs** : slightly decreased to **11.7% of GMV on completed orders in 2021 (2020: 11.8%)**. Increased by HK\$72.4mn mainly due to additional costs incurred for order growth and increased operation costs for new fulfilment facilities added at Tsing Yi since July 2021.
- **Marketing, promotional and O2O shop marketing costs** : included HK\$72.6mn mall dollars granted and promotional coupon used which was deducted in Turnover for reporting purpose. Increased to **4.1% of GMV on completed orders (2020: 2.5%)** mainly caused by (1) HK\$86.6mn marketing and promotional expenses recorded related to \$350/\$500 eGift Voucher launched in 2H2021 in response to Government's Consumption Voucher Program; (2) increased VIP day promotional coupon code used given increasing Gold VIP / VIP customer base.
- **O2O shop operating expenses** : represented **2.1% of GMV on completed orders (2020: 1.5%)**, net 25 stores were added during 2021, including 1 HKTV Supermarket as an experiment on the 3-in-1 business model, namely for shop pick up points, point-of-sales and HKTVexpress to accelerate the O2O synergy
- **Ecommerce operation and supporting functions**: accounted for **4.8% of GMV on completed orders** in 2021 (2020: 5.2%), included the actual technical costs incurred for Ecommerce Business

# Consolidated Statement of Financial Position

Strong Liquidity with Investment in Other Financial Assets and Cash Balance of HK\$1.07bn

	Dec-21 HK\$'000	Dec-20 HK\$'000	Variance HK\$'000	in %
Property, plant and equipment	1,238,785	1,111,732	127,053	11%
Other properties leased for own use	513,018	286,378	226,640	79%
Intangible assets	71,343	60,583	10,760	18%
Other financial assets (Fixed income and Equity investment)				
Non-current	268,733	324,119	(55,386)	-17%
Current	175,305	18,197	157,108	863%
Other receivable, deposits and prepayments	225,296	138,344	86,952	63%
Inventories and other contract costs	129,614	126,573	3,041	2%
Cash and cash equivalents	624,247	942,479	(318,232)	-34%
Deferred tax assets	9,952	-	9,952	New
<b>Total Assets</b>	<b>3,256,293</b>	<b>3,008,405</b>	247,888	8%
Accounts payable	254,004	319,888	(65,884)	-21%
Other payables and accrued charges	411,843	285,637	126,206	44%
Deposits received	5,757	5,757	-	0%
Lease liabilities	522,030	298,208	223,822	75%
Deferred tax liabilities	1,391	1,227	164	13%
<b>Total Liabilities</b>	<b>1,195,025</b>	<b>910,717</b>	284,308	31%
<b>NET ASSETS</b>	<b>2,061,268</b>	<b>2,097,688</b>	(36,420)	-2%
Share capital	1,774,173	1,747,693	26,480	2%
Reserve	287,095	349,995	(62,900)	-18%
<b>TOTAL EQUITY</b>	<b>2,061,268</b>	<b>2,097,688</b>	(36,420)	-2%

# Sustainable Growth Agile by Unavoidable Structural Change in Consumer Behavior



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.





# **Ecommerce Business Overview**

## **- Taking HKTVmall to the Next Level**

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



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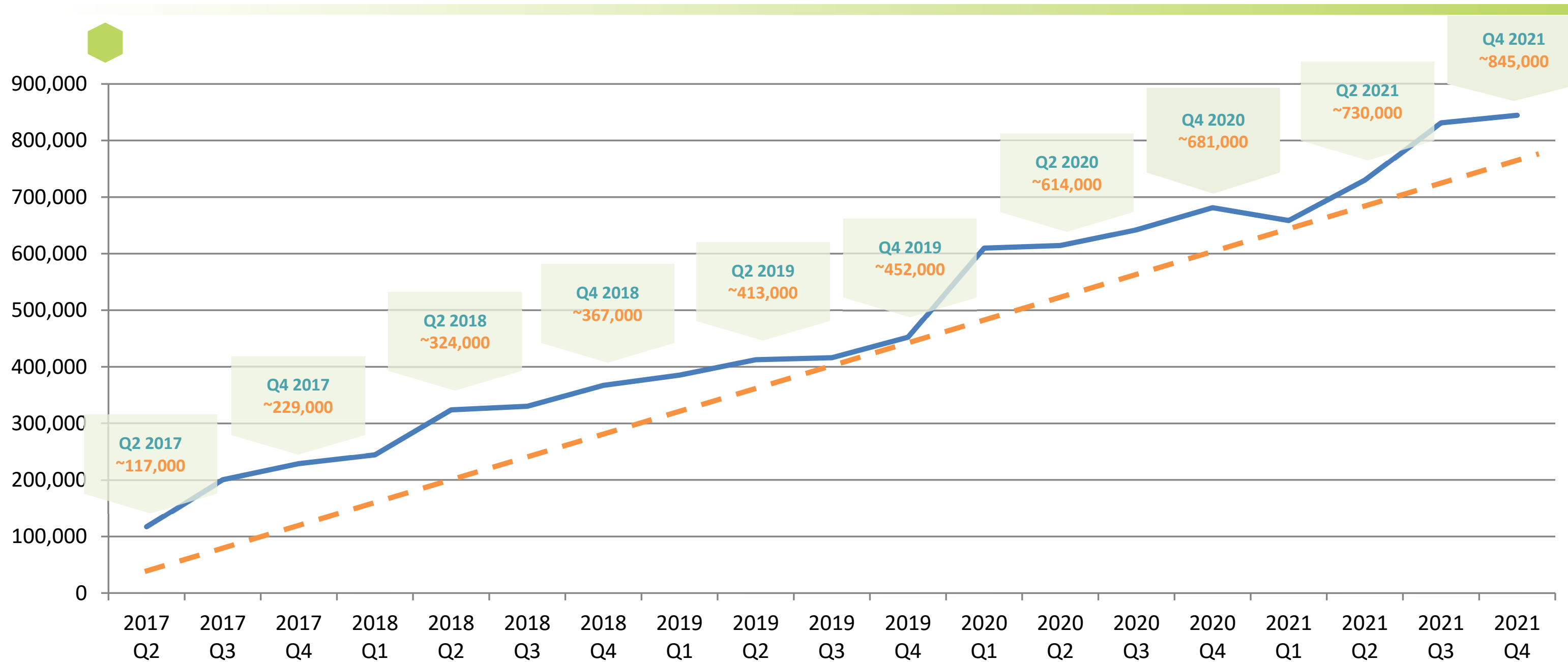
01

**HKTVmall in 2021**

02

**Driving Growth with Enhanced Fulfilment Capacity**

## Reaching New Heights in Number of Unique Customers



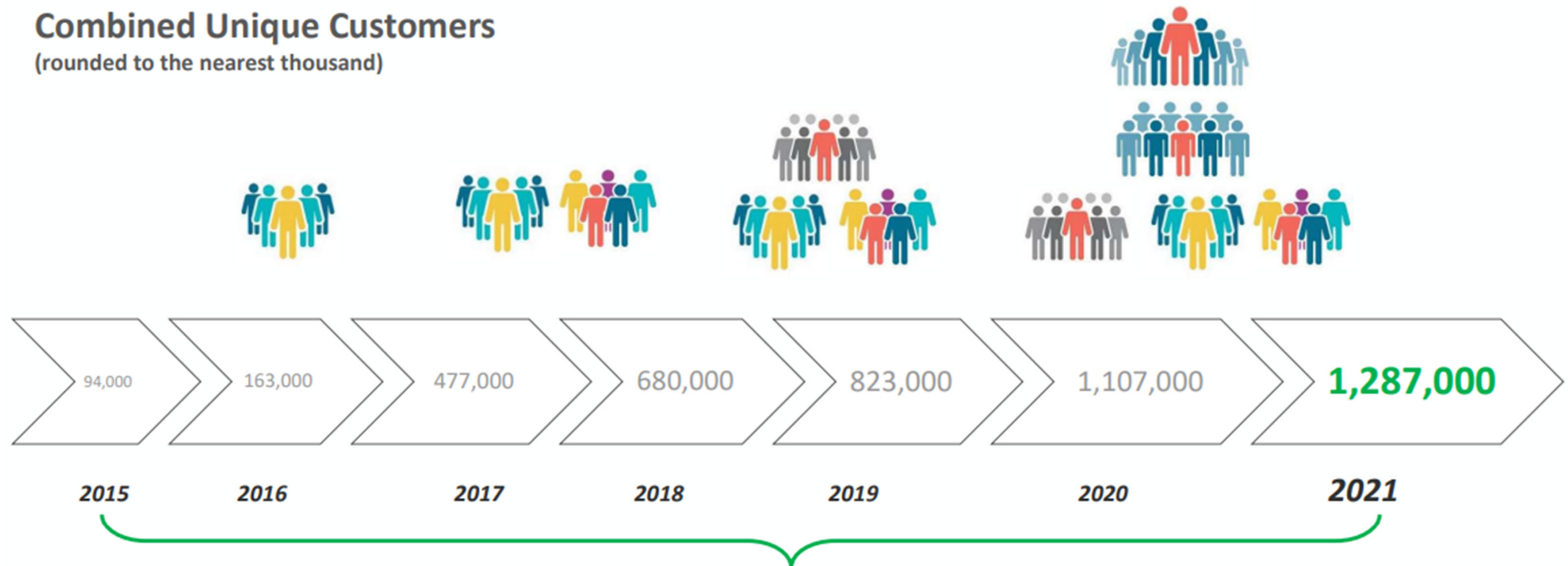
\*Source: Internal platform and system

\*"No. of customers" represents number of unique customers who placed at least one order in that specific quarter, round to nearest thousands.

## Growing Purchase Population in Hong Kong

22.6% HK population aged between 20-74 made purchases at HKTVmall in 2021

Combined Unique Customers  
(rounded to the nearest thousand)

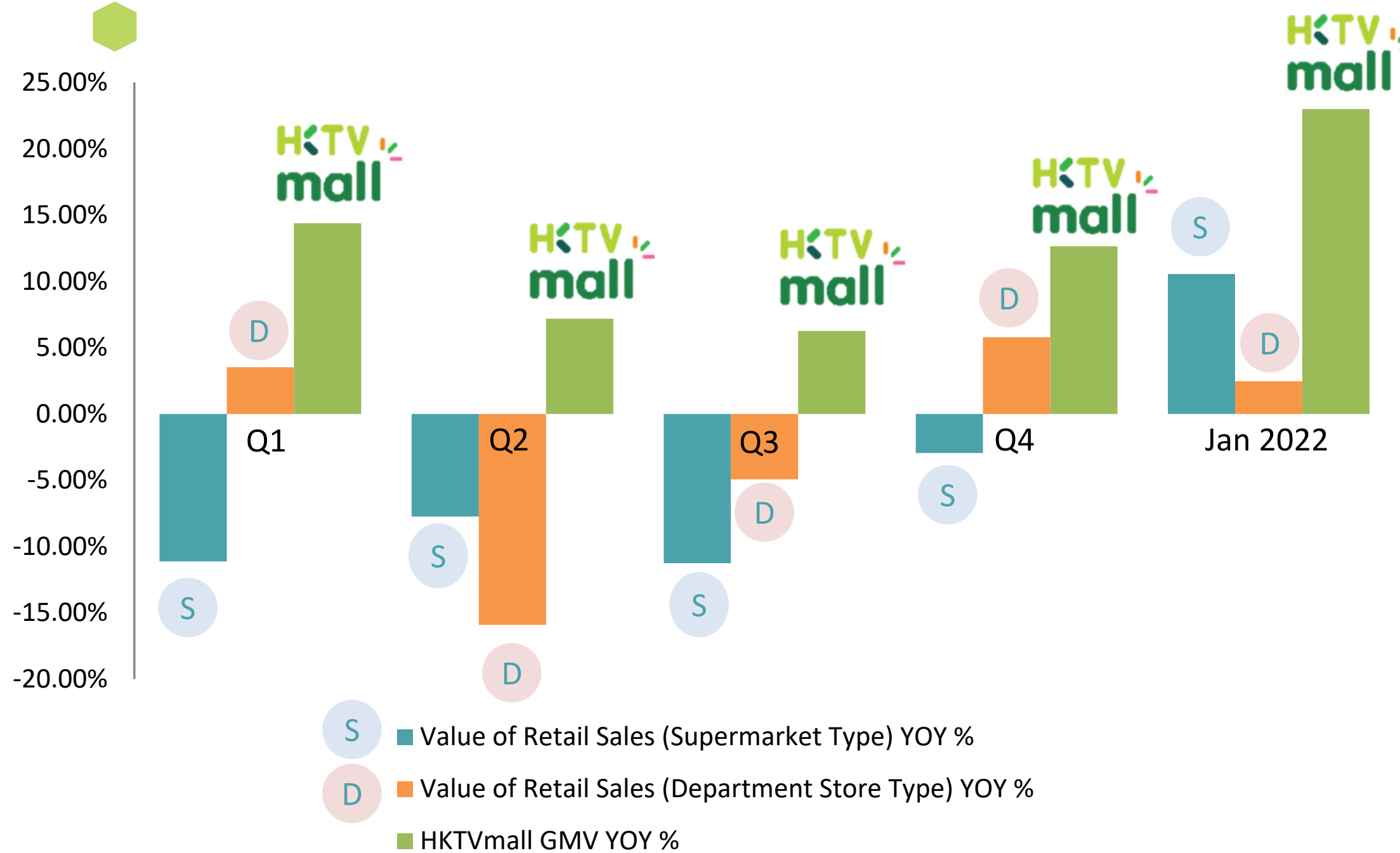


14 times in 6 years' time

Source: Internal System

1. Source: Population by Sex and Age Group as published by the Census and Statistics Department, The Government of Hong Kong Special Administrative Region ([https://www.censtatd.gov.hk/en/web\\_table.html?id=1A](https://www.censtatd.gov.hk/en/web_table.html?id=1A))

## Outperformed Overall Retail Market



Remarkable Growth  
Remains throughout  
Economic Downturn



## Topped again in YouGov Annual BrandIndex Buzz Rankings

### Best Buzz Rankings 2021 in Hong Kong

Rank	Brand name	Score
1	HKTVMall	32.6
2	Yuu (Dairy Farm)   Yuu (牛奶公司)	29.2
3	Octopus Card	27.0
4	ViuTV	25.1
5	MoneyBack   易賞錢	24.7
6	Dettol	23.3
7	Netflix	23.2
8	KMB	21.7
9	DON DON DONKI	21.5
10	Google	21.3

Scores show average data from 1st January, 2021 to 31st December, 2021

**YouGov**<sup>®</sup>

\* Source : <https://hk.yougov.com/en-hk/news/2022/02/11/hktv-mall-tops-yougovs-best-buzz-rankings-hong-kon/>

# Live Show as a Successful Interactive Sales Channel



Over 42,000 Views  
21X GMV Increment\*



Over 37,000 Views  
60X GMV Increment\*

\*Compared with Daily Average GMV of past 30 days



# Social Commerce as the New Power for Customer Engagement

Encourage user generated content to increase customer interaction, generate more traffic, explore good quality or new products on HKTVmall



Explore *Something New*



*“Stickiness to our Apps”*

*“Hot topics & Trends”*

*“Customer Loyalty”*

*“Community”*

*“Interaction”*

*“Traffic”*



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HKTVmall in 2021

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Driving Growth with Enhanced Fulfilment Capacity

# HK eCommerce Business - 2022 Business Targets

Good confidence in achieving 2022 target on GMV growth and Multimedia Advertising Income, *at a dynamic marketing and fulfilment cost ratio* subject to global and local economic environment, in particular on the impact from COVID-19 pandemic development

## GMV on Order Intake

2021 Actual :  
HK\$6.57bn

**2022 Target:**  
**HK\$8.0 bn to HK\$8.5 bn**

(y-o-y growth by  
21.7% - 29.3%)

## Multimedia Advertising Income

2021 Actual :  
HK\$90.5mn

**2022 Target:**  
**HK\$120.0mn**  
(HK\$90.0mn  
commitment received)

## Total Gross Margin and Blended Commission Rate

2021 Actual :  
23.7% (if included  
Multimedia Advertising  
Income, margin at 25.0%)

**2022 Target:**  
**23.4%** (if include  
Multimedia Advertising  
Income, margin at ~ **24.9%**)

## Adjusted EBITDA

2021 Actual :  
2.3%

**2022 Target:**  
**2.0% - 2.5%**



## 2022 Target on Ecommerce Key Operating Expenses %



<u>Key Operating Expenses as a % of GMV</u>	2021 Actual	2022 Target
<b>Fulfilment Costs</b>	<b>11.7%</b>	<b>12.0% - 13.5%</b>
<b>Marketing, Promotion and O2O Shop Marketing Expenses</b>	<b>4.1%</b>	<b>3.0% - 3.8%</b>
<b>O2O Shop Operating Expenses</b>	<b>2.1%</b>	<b>2.0% - 2.2%</b>
<b>ECommerce Operation and Supporting Costs*</b>	<b>4.8%</b>	<b>4.2% - 4.4%</b>

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

# Service Interruption Caused by Covid-19 Outbreak



We all experienced shortage of manpower in March.  
Only less than 66% frontline delivery workforce remained in HKTVmall.

# Swift Response to Stand Against Challenges

01

Recruiting restaurants  
as pick-up partners



↑ **28%** pick up points

02

Enhancing pick-up  
capacity of O2O shops



↑ **5%** pick up capacity

03

HKTVexpress service as  
an alternative option



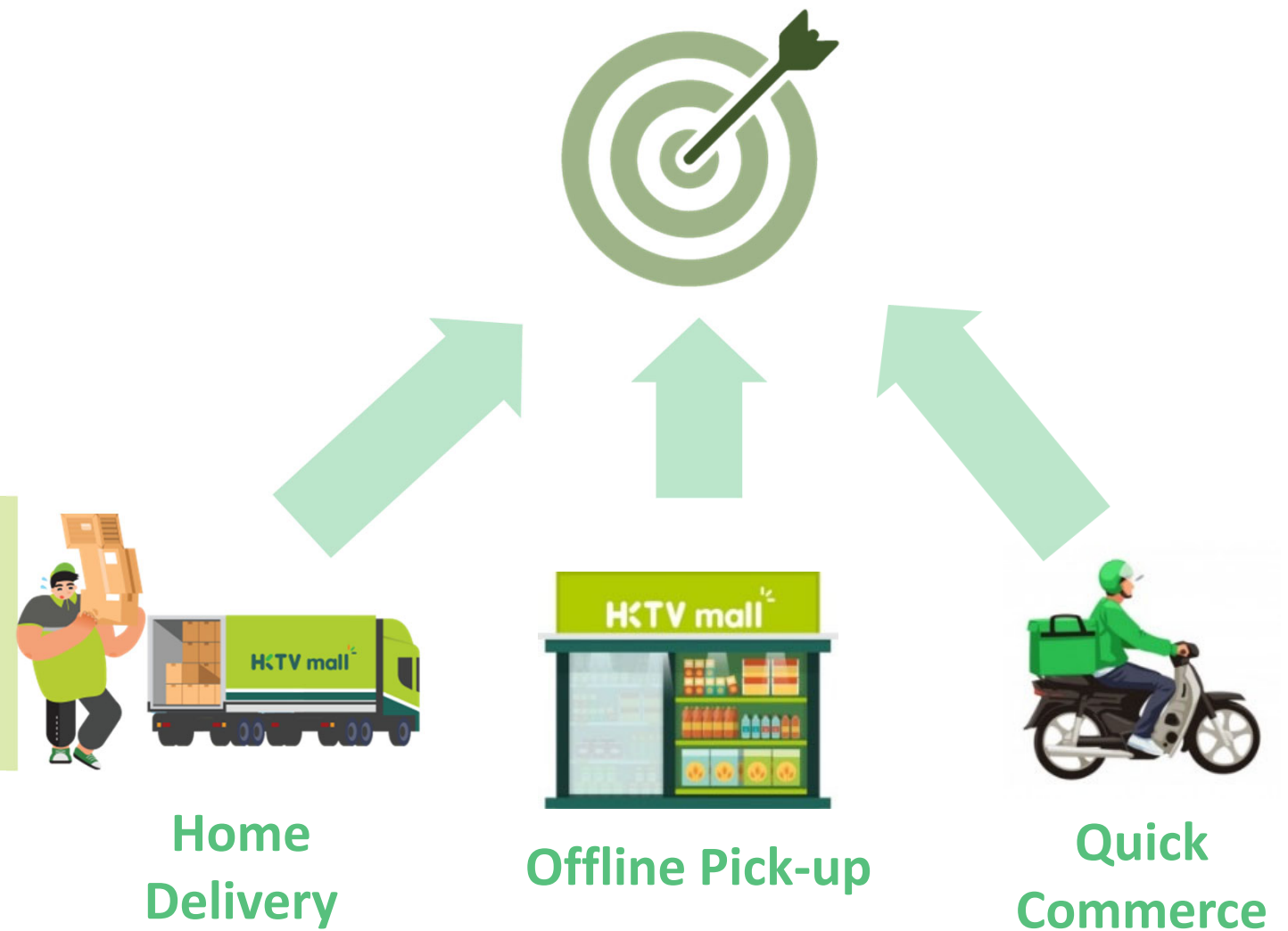
↑ **42%** GMV\*



# Swift Response to Stand Against Challenges

Took only **2 Weeks**  
to resume at normal level

**Record High** in fulfilled GMV in Mar 2022  
MoM increased by 15.5% for daily fulfilled GMV



The scalability of last mile services is the result of what we have built in the past.  
Our well-designed fulfilment infrastructure empowers us to stay strong.



# ~570,000 sq. ft. Automated Fulfilment Centers

Strategic locations and functions for full range of products and complementary support

Tuen Mun  
Distribution Centre

Kwai Chung  
Frozen/Chilled Food Factory

Tseung Kwan O HQ  
eFulfilment Center

Cheung Sha Wan  
Frozen Food Warehouse

Tsing Yi  
eFulfilment Center

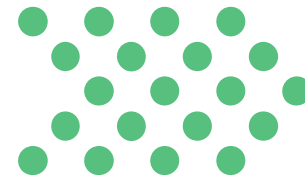




## Pledge to Offer the Best Last Mile Delivery

### Phase I (by end of 1H 2022)

Order by **1pm**  
Will be Delivered by  
**Next Day**



- Earlier order cut-off time
- Additional 40 delivery trucks in operation

### Phase II (1H 2023)

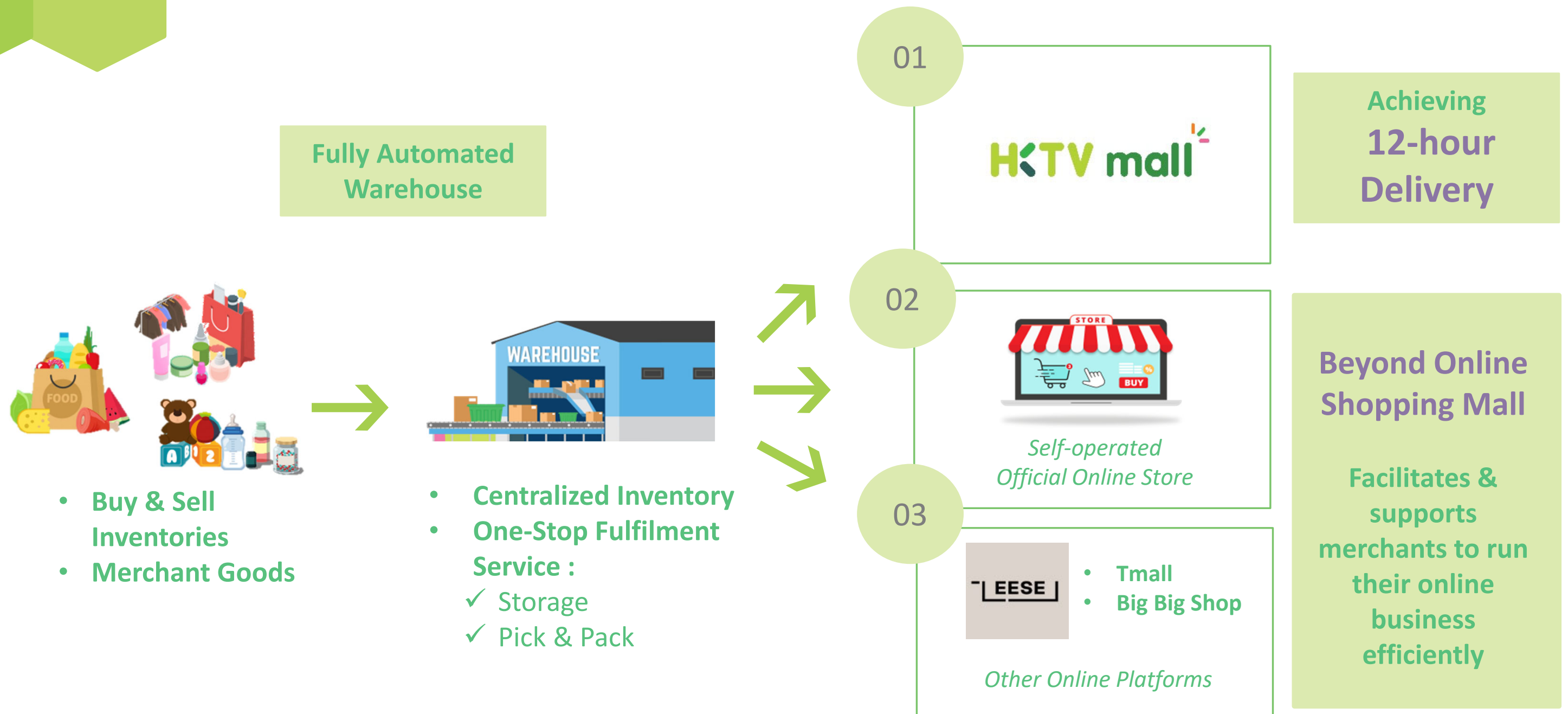
Order by **Midnight**  
Will be Delivered by  
**Next Day**



- Expanding fulfilment facilities by additional 150,000 – 200,000 sq. ft.
- Stock existing 85% SKU in our warehouse



# What's more? 3<sup>rd</sup> Party Logistics Services



## 5-year CAPEX Plan for Fulfilment Structure Expansion



In order to achieve HK\$12.0 billion to HK\$15.0 billion GMV on order intake in 3-5 years' time, we have a 5-year CAPEX plan for Automated Fulfilment Capacity Expansion. In the next 5-year, on by phases basis,

1. To increase from currently 570,000 sq ft fulfillment space to **over 900,000 sq ft**
2. By expanding our self-owned infrastructure at Tseung Kwan O headquarters and adding additional facilities under long term leases
3. Total estimated CAPEX on **construction costs and consent fee** for converting entire site at TKO headquarters to permit for Ecommerce and Technology use is **approximately HK\$860.0 million**.



With the further investment in  
fulfilment and digital infrastructure, we  
are confident to achieve **\$12 billion to  
\$15 billion GMV in 3 to 5 years**



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# Technology Business Updates

**Kenneth Lau**

**Chief Executive Officer (International Business)**



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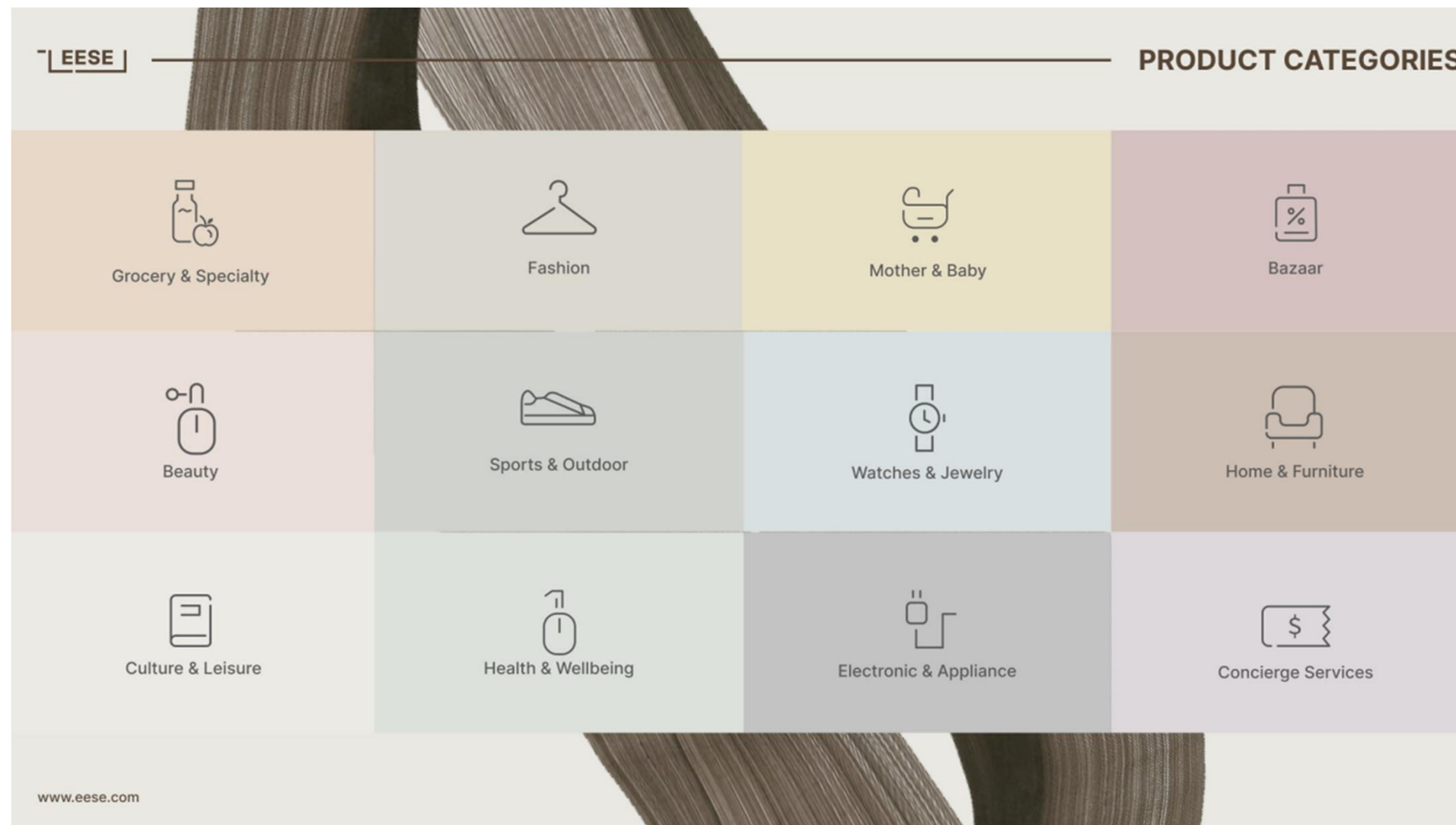
01

1<sup>st</sup> solution client – EESE online marketplace

02

Shoalter Product Development

# EESE Online Marketplace – Product categories

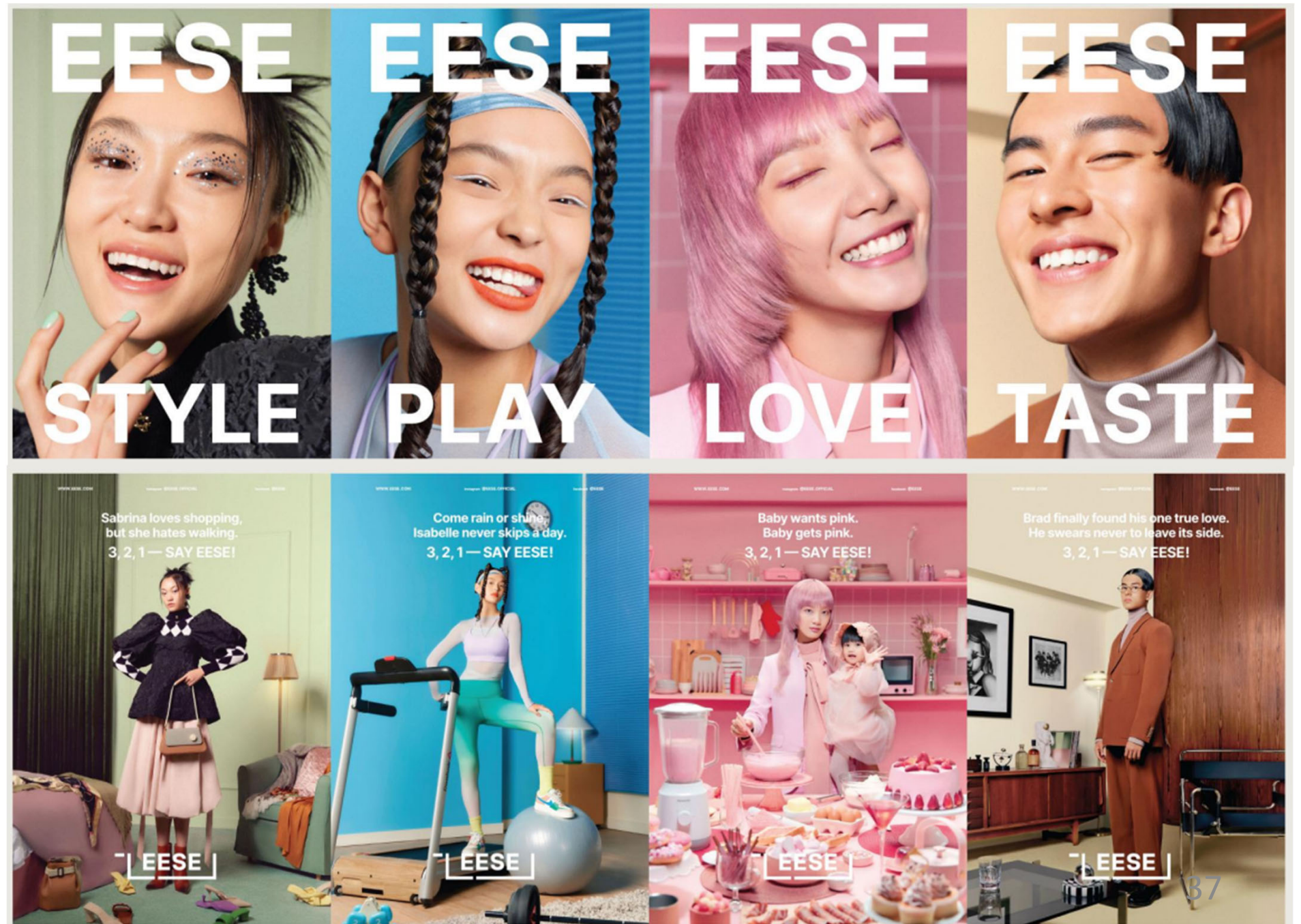


- Grand launch on 1 Dec 2021, with 12 product categories
- Over 100,000 SKUs with 4500 brands, from more than 1000 merchants
- Covers broad variety of products including grocery, fashion, culture & leisure etc



# EESE Online Marketplace – market segment

- Differentiating from HKTVmall, targeting upscale market sector
- A lifestyle tastemaker curating the best products
- Content based upselling, creating demand among audience
- Recruited over 50,000 members by end of Feb 2022





## EESE Online Marketplace – promotion video



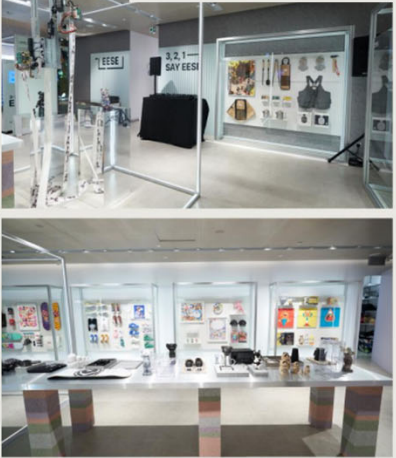
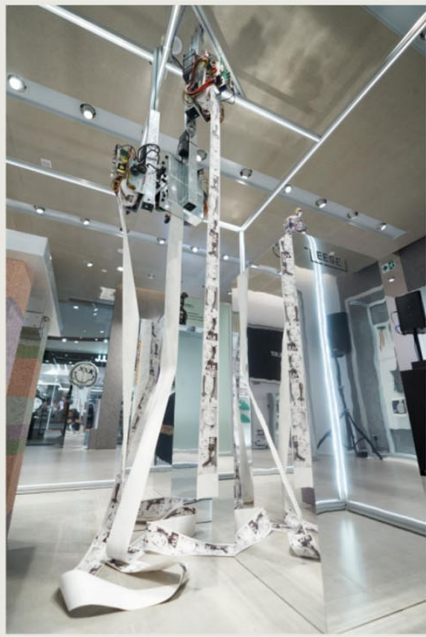


# EESE Online Marketplace – launch initiatives

- Outdoor TV screen, roadshow, pop-up store, in-store promo & digital screen



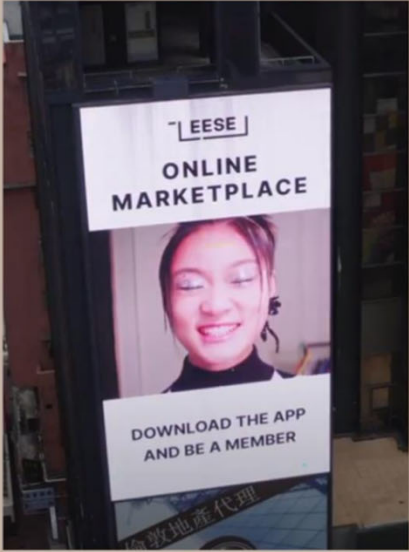
**K11 Musea Po**  
Location: K11 M  
Duration: 16 De  
To showcase th  
draw customer



**Outdoor TV Ad**  
Campaign video playing on MK, CWB, and TST mall LED screens



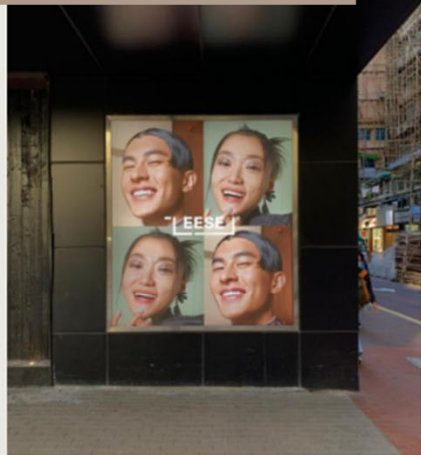
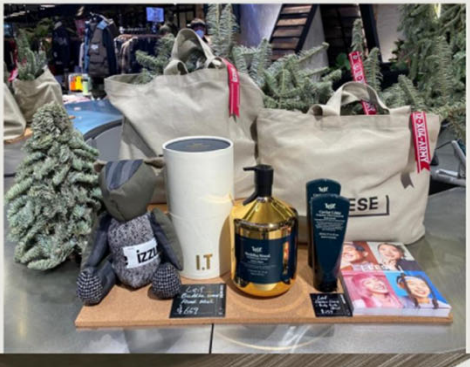
TST LED - 53 Carnavan Road, TST



MK LED - 703-705 Nathan Road, MK



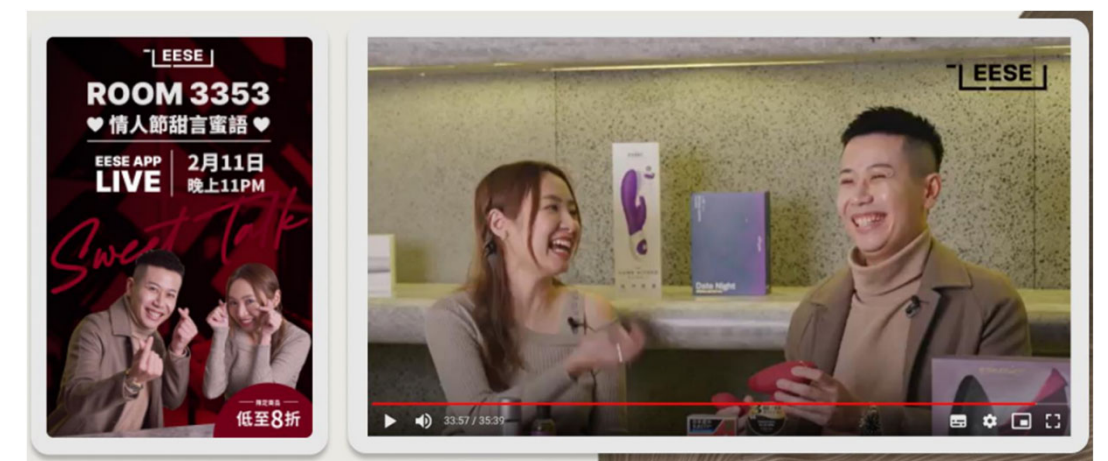
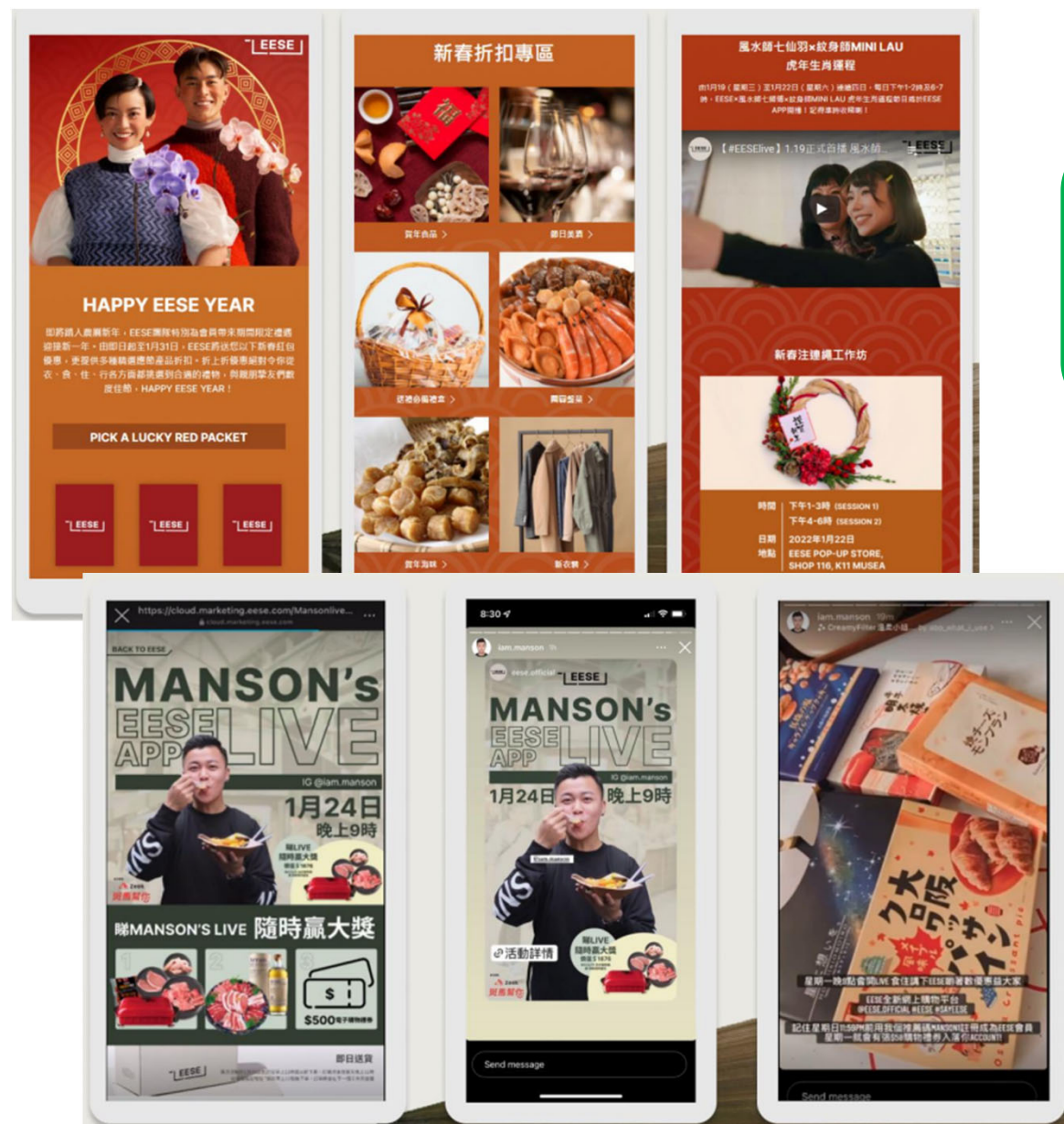
CWB LED - 3 Matheson street, CWB





# EESE Online Marketplace – Live streaming

- talk show, home workout, women's hair, cook recipe, Chinese horoscope ...

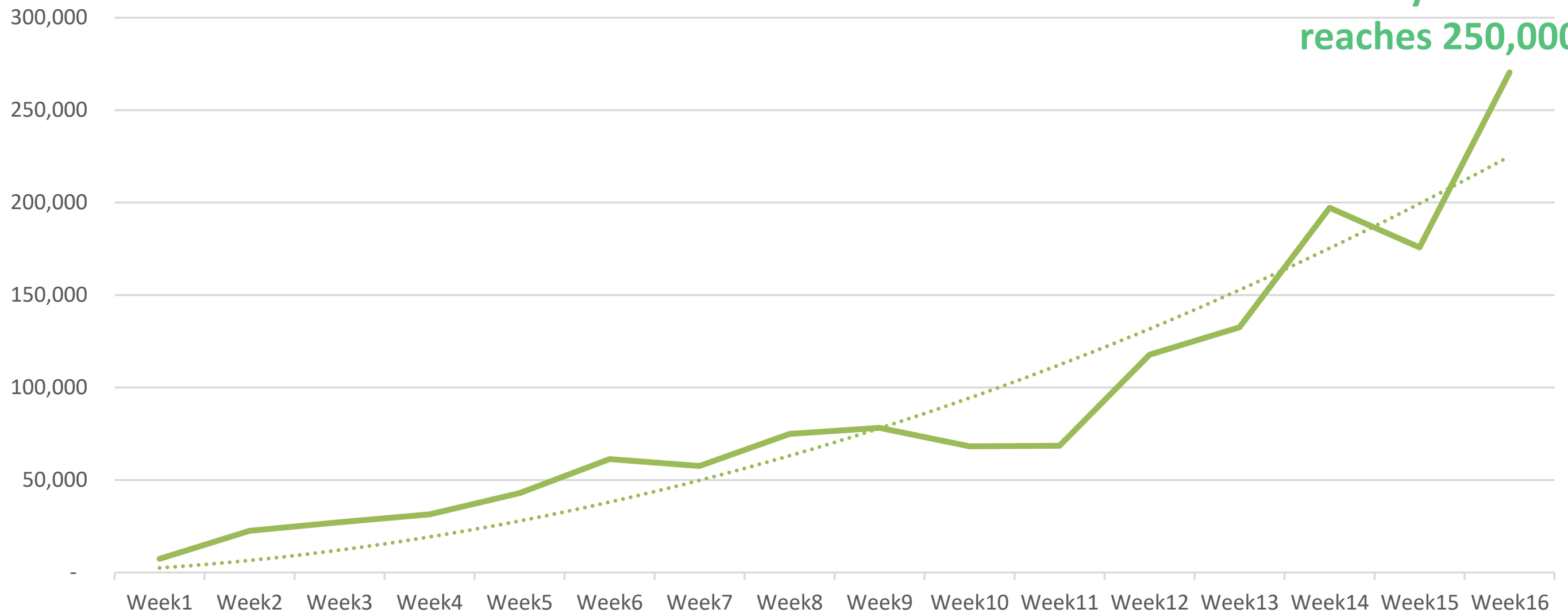


# EESE Online Marketplace – Expedited user growth



7-day active users (Google Analytics)

**Weekly active user  
reaches 250,000**





## Shoalter Product Development

Our focus of product development in coming year will be on merchant services - aiming at providing a more convenient portal with new functions to facilitate merchants working on Shoalter platform, either on HKTVmall or EESE

- Connected functions: shared inventory; open APIs for product updates
- Merchant chat: a communicator to facilitate pre-sales & post-sales communication
- Mobile App for merchant: anytime, anywhere keep updated & instant response
- 3PL services: facilitate merchants to improve fulfillment speed & streamline their operation across multiple platform





# Updates on “Fully Automated Retail Store”

**Ricky Wong**  
**Vice Chairman & Group CEO**

A decorative graphic at the top of the slide consists of a row of four overlapping hexagons. The first three are light green, and the fourth is a darker green. To the right of these are three more hexagons: a small light green one, a small purple outline one, and a small dark green one.

## Unique Fully Automated Retail Store

- Completed the installation for the first “Fully Automated Retail Store” with pilot run in software and hardware in full swing
- We are confident that the first several “Fully Automated Retail Stores” will be launched in UK within this year as planned
- To continue enhancing the functions and technology, we will continue to **invest in technology research and development**, including imaging artificial intelligence and automated picking system

# Strong Demand Totally Different Technology Concepts



## Amazon Fresh / Tesco



- Installed several hundreds of camera on the ceiling of a normal store
- Using visual analytic technology to analyze every “action” of customers to determine whether they are buying certain goods and debit credit cards directly
- Bring entry & exit convenience, but no competitive advantage in operating cost
- Require more manpower than a normal store for replenishment and theft prevention

## Perfect Solution in Cost Efficiency

- ✓ **More Convenience**  
Customers can place order anywhere & anytime to save time queuing in supermarket
- ✓ **More Variety**  
Our machine can handle everything, including chilled and ambient goods in all shapes & sizes
- ✓ **More Savings**  
No manpower are required to save labour costs significantly



## Development Roadmap

- Will proceed step by step and tread carefully in developing the **UK** market
- Studying other European markets, such as **Switzerland** or **North Europe**, where labour costs are even higher and the competitiveness of our system is even more conspicuous





Dare to try, Dare to fail, Dare to examine and  
Make Use of Technology to transform every industry

Investing in technology may fail, but if we do not give  
it a try, there is certainly no chance of success

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***DNA*** of  
Hong Kong Technology Venture Group







**Thank You**




# Appendices



## Glossary

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**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 (if any). 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

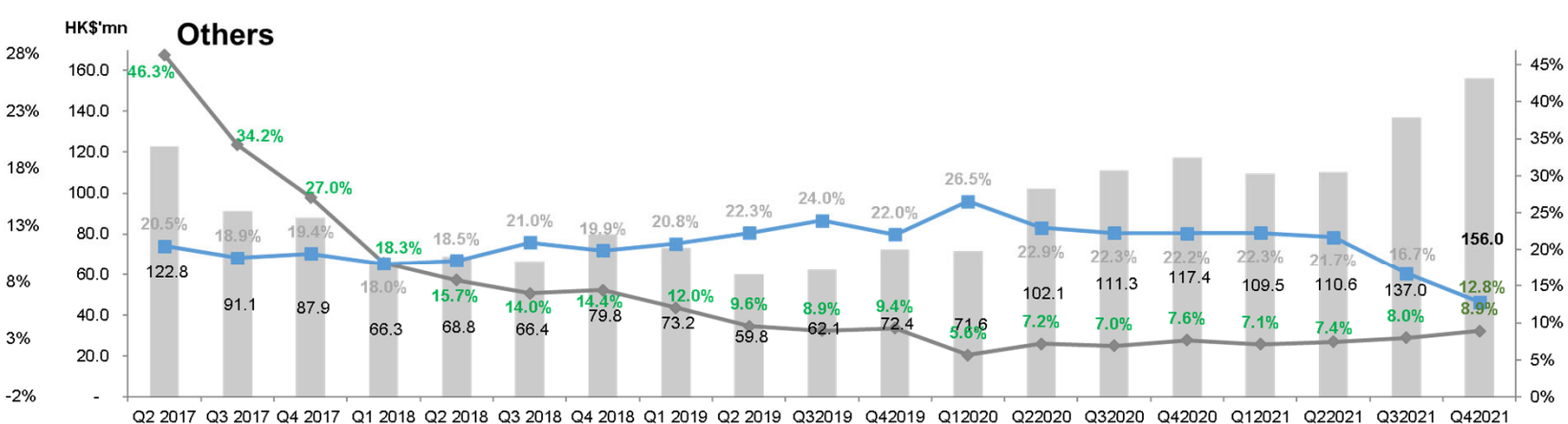
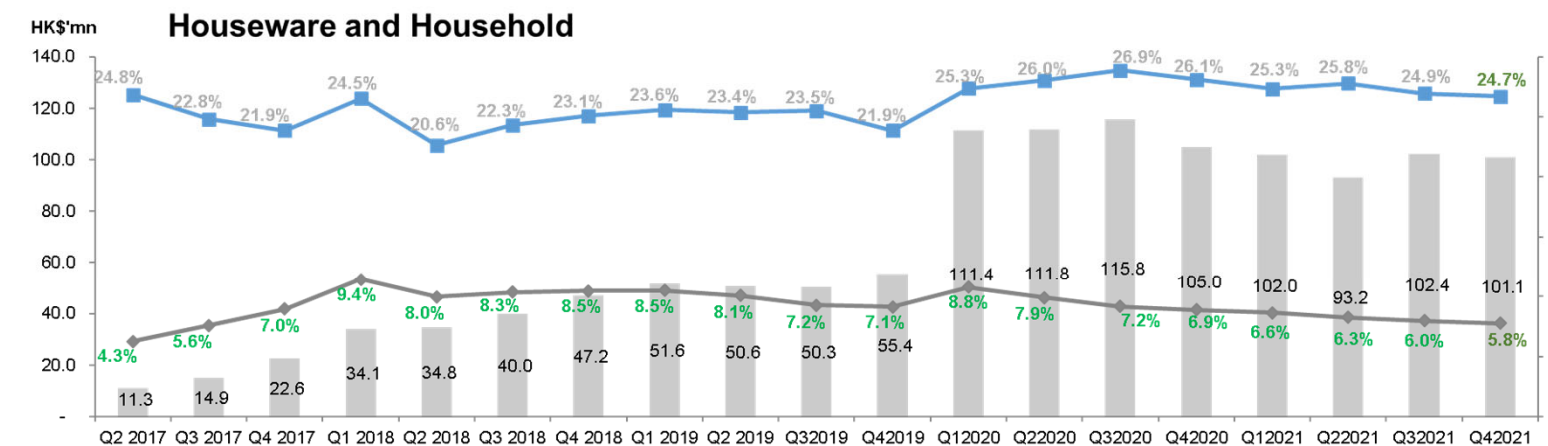
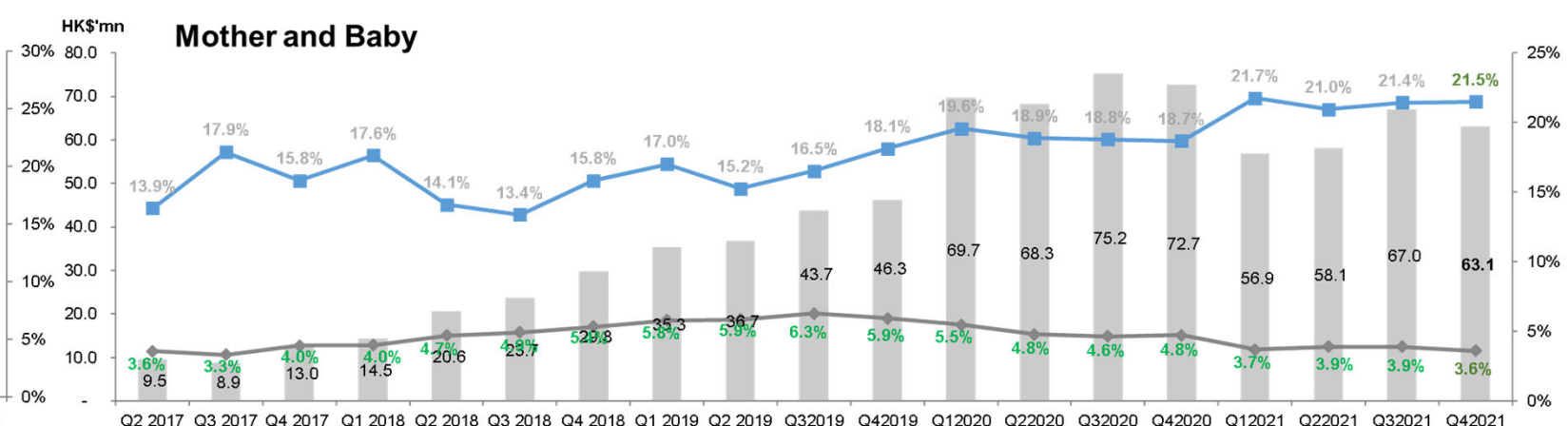
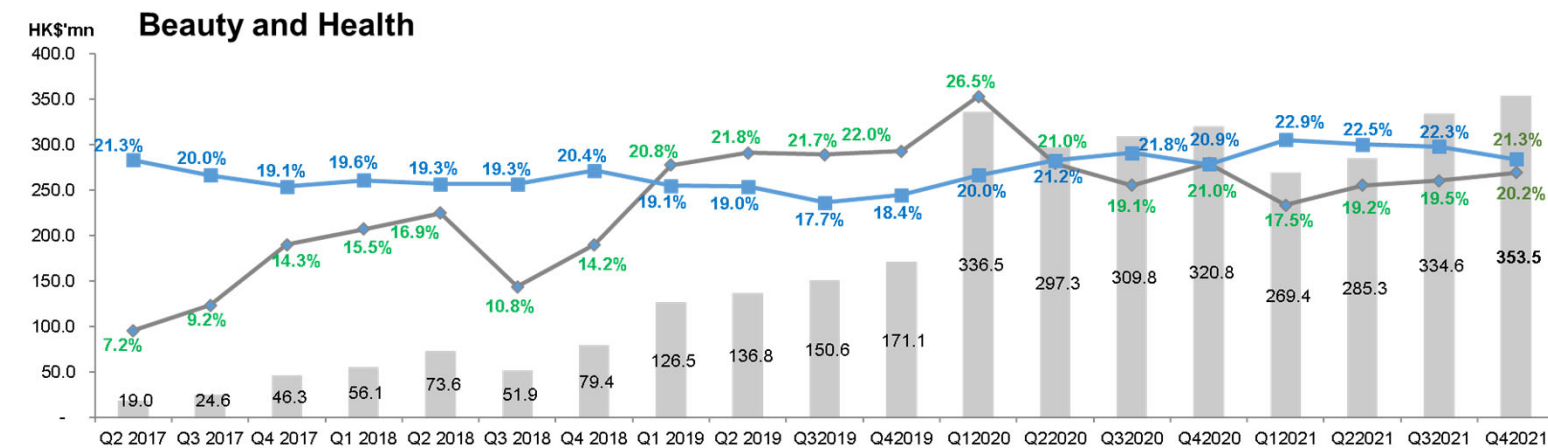
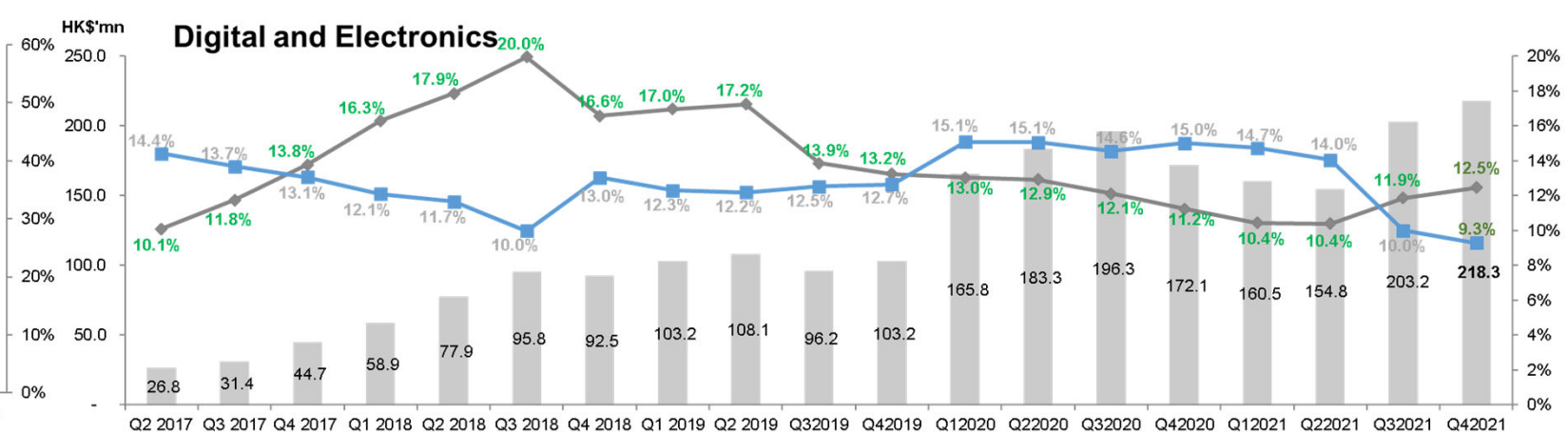
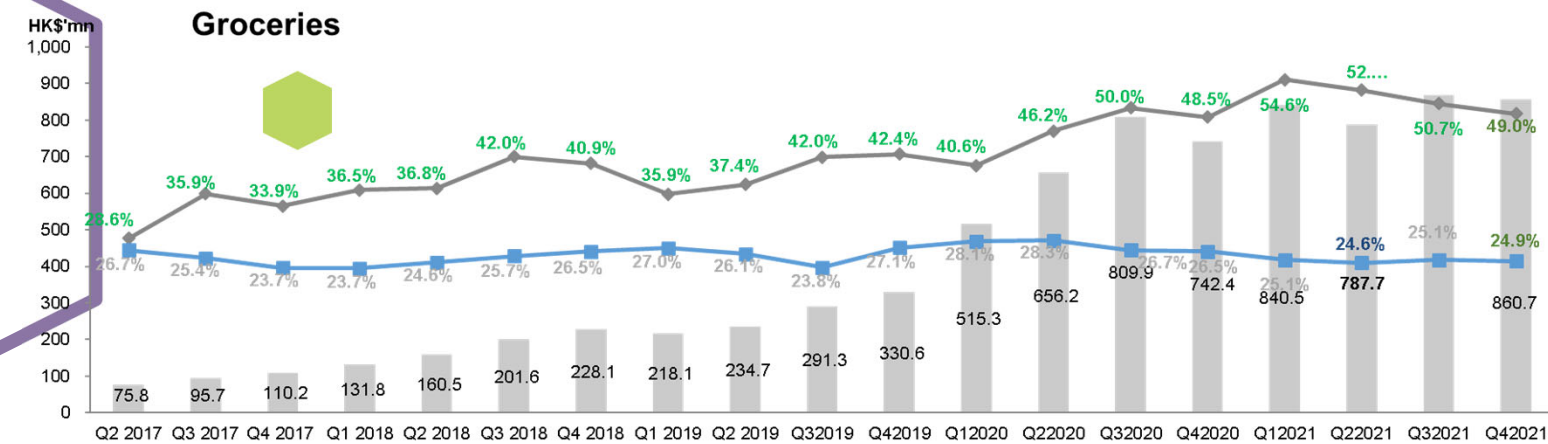
**Gross Merchandise Value (“GMV”) on order intake** represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.

**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.

## Reconciliation of Adjusted EBITDA

Reconciliation of EBITDA and Adjusted EBITDA	YTD 2021 HK\$'000	YTD 2020 HK\$'000	Variance	
			HK\$'000	%
<b>GMV on Order Intake</b>	<b>6,573,142</b>	<b>5,953,692</b>	<b>619,450</b>	<b>10.4%</b>
<b>GMV on Completed Orders</b>	<b>6,494,593</b>	<b>5,838,140</b>	<b>656,453</b>	<b>11.2%</b>
<b>Profit for the year</b>	<b>14,265</b>	<b>183,581</b>	<b>(169,316)</b>	<b>-92.2%</b>
	<b>0.2%</b>	<b>3.1%</b>		
Interest on bank loans	-	1,855	(1,855)	-100.0%
Income tax expenses	(8,165)	560	(8,725)	-1557.6%
Investment returns	(19,898)	(26,987)	7,089	-26.3%
Depreciation (excluded depreciation on other properties leased for own use)	116,405	105,180	11,225	10.7%
Amortisation on intangible assets and other contract cost assets	14,209	13,140	1,069	8.1%
<b>EBITDA</b>	<b>116,816</b>	<b>277,329</b>	<b>(160,512)</b>	<b>-57.9%</b>
<b>EBITDA/ GMV on completed orders (in %)</b>	<b>1.8%</b>	<b>4.8%</b>		
<b>Major non-cash items</b>	<b>(4,079)</b>	<b>(41,150)</b>	<b>37,071</b>	<b>-90.1%</b>
- Valuation (gains)/losses on investment properties	(16,100)	6,050	(22,150)	-366.1%
- Exchange (gains)/losses	(3,188)	1,601	(4,789)	-299.0%
- (Reversal)/provision of expected credit loss on debt securities measured at FVOCI	(592)	4,527	(5,119)	-113.1%
- Written off of goodwill	897	-	897	0.0%
- Government subsidies	-	(70,859)	70,859	-100.0%
- Equity-settled share-based transactions	6,959	15,087	(8,128)	-53.9%
- Unrealised fair value loss on debt securities measured at FVPL	7,945	2,443	5,502	225.2%
<b>Adjusted EBITDA</b>	<b>112,737</b>	<b>236,178</b>	<b>(123,441)</b>	<b>-52.3%</b>
<b>Adjusted EBITDA/ GMV on completed orders (in %)</b>	<b>1.7%</b>	<b>4.0%</b>		

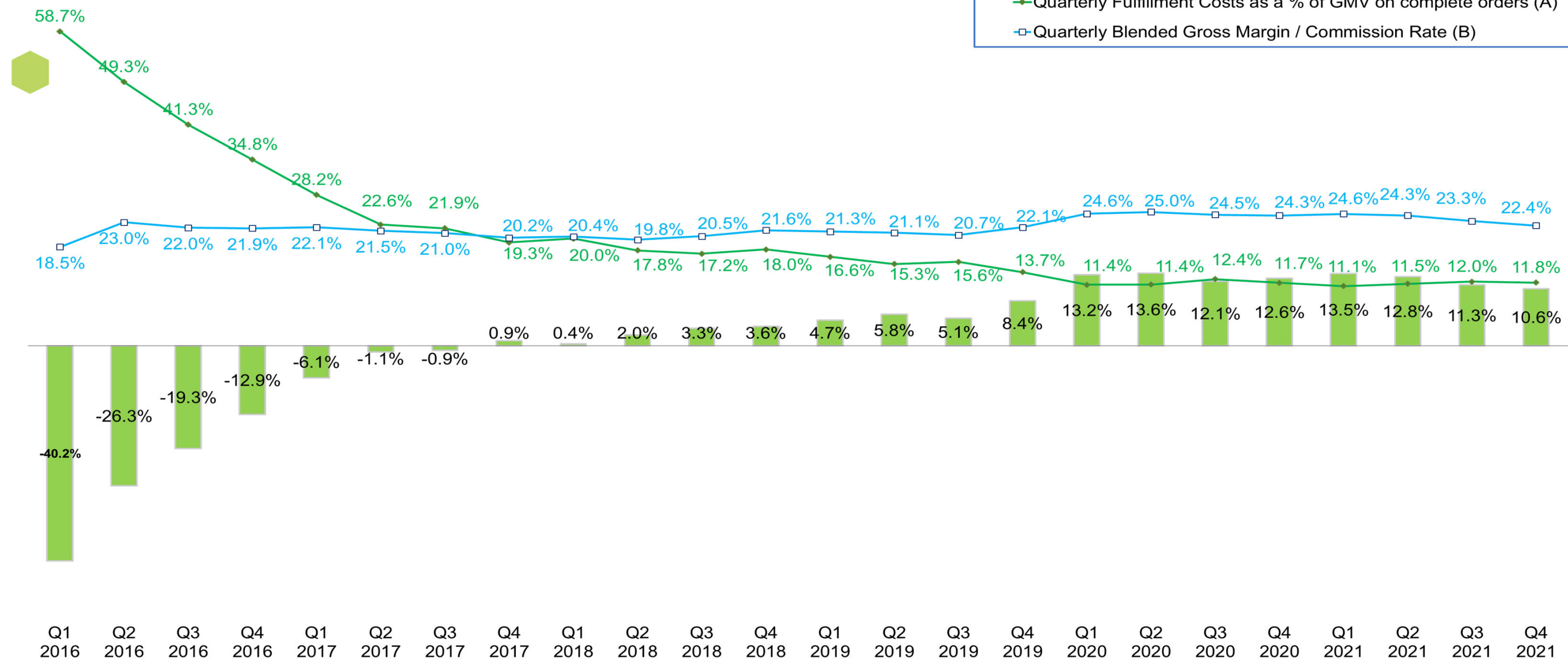
# Gross Profit and Blended Commission Rate Performance



# Disciplined Fulfillment Cost Control

## Enable the Paradigm between Growth and Profit

■ Spread = (B) - (A)  
◆ Quarterly Fulfillment Costs as a % of GMV on complete orders (A)  
□ Quarterly Blended Gross Margin / Commission Rate (B)



### Remarks

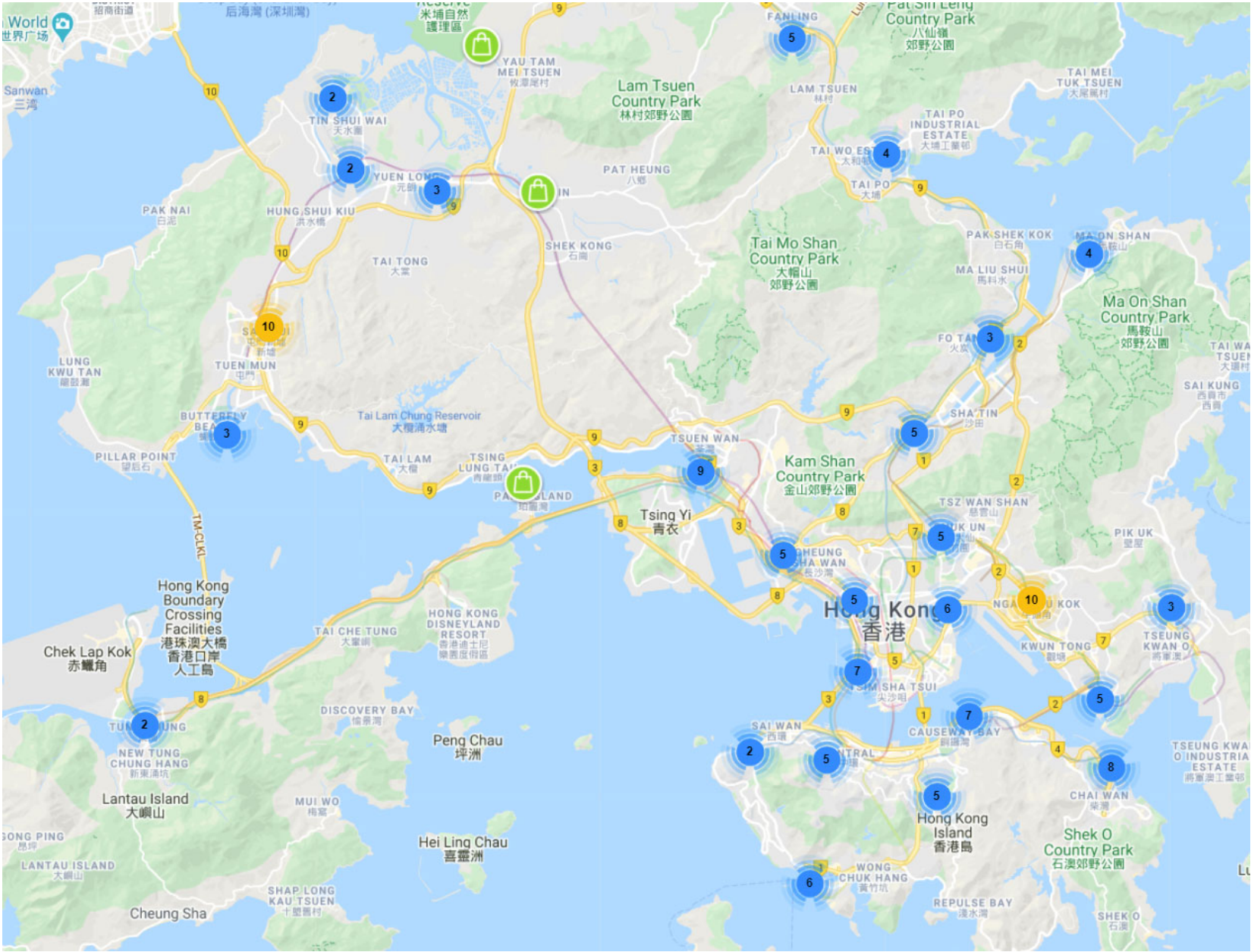
- Quarterly Fulfillment Costs as a % of GMV on complete orders included the interest on lease liabilities of HK\$7.4mn, HK\$5.9 and HK\$4.8mn for year 2021, 2020 and 2019 respectively under HKFRS 16 in relation to fulfillment centre, which is grouped under finance costs in the consolidated income statement.
- 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.



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HKTVMall O2O Shops including 3 HKTVM Supermarket

Win-Win Outsourced Pick-up Partners



Now:  
Outsourced Pick-up points: 55  
(including short term pick-up points:41)



New  
Now:  
E-lockers: 117

