



HONG KONG TELEVISION NETWORK LIMITED

(SEHK: 1137)

A Digital Ecosystem
That
Revitalizes
Online Shopping Experience

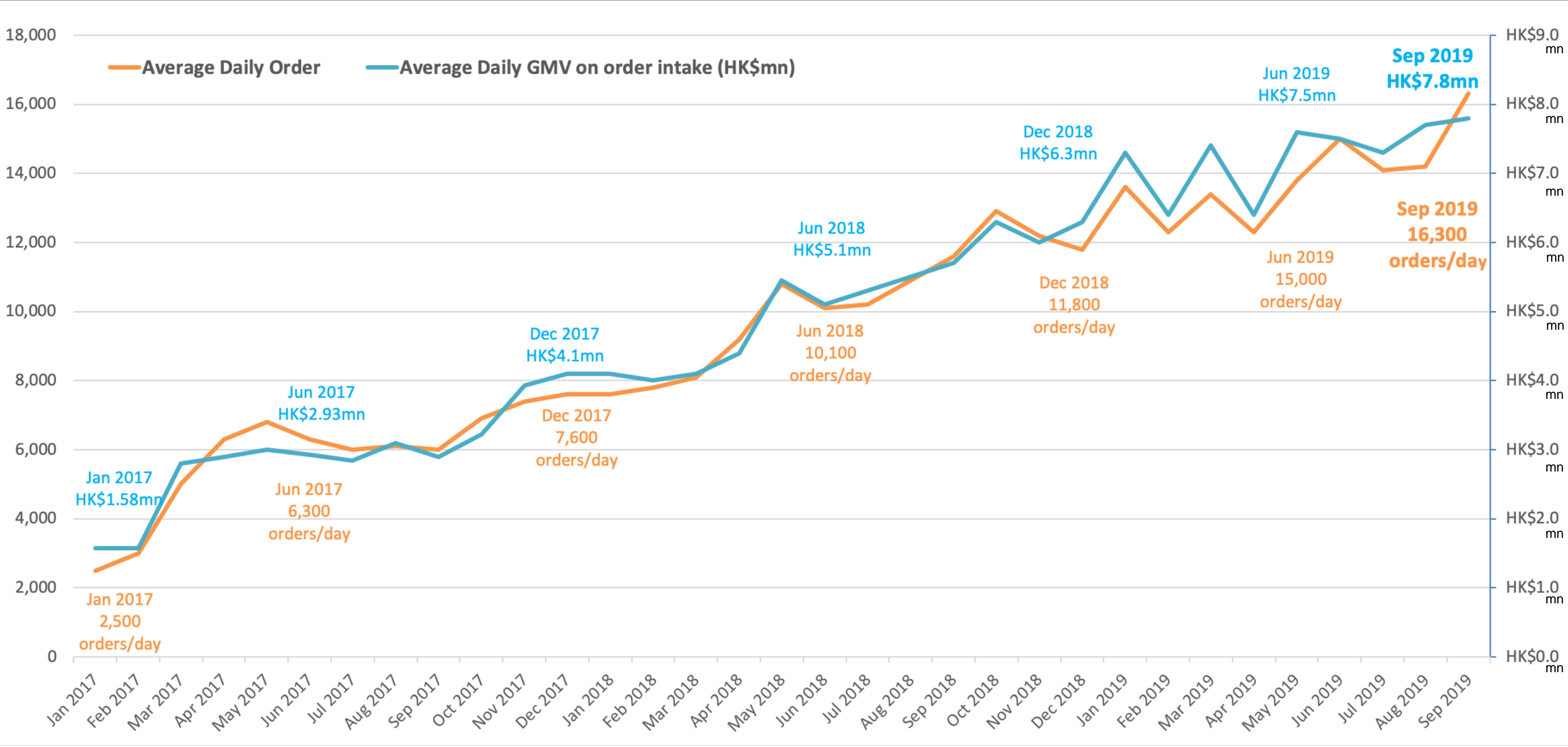
25 October 2019

➤ **How Do We Perform?**

HKTVMall

- The **LARGEST** and **ONLY** online shopping mall in Hong Kong
- Heading to **BREAKEVEN** by end-2021
- Maintains **MARKET DOMINATION** in coming years

A Strong Growing Momentum – From Average Daily Orders of 2,500 to **16,300**



Source: GMV 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.

No. 1 Hong Kong Based Online Shopping Platform

Ranking in Hong Kong	Sites
1	www.google.com
2	www.youtube.com
3	www.facebook.com
4	Baidu.com
5	Discuss.com.hk
6	Google.com.hk
7	Yahooi.com
9	Amazon.com
11	Taobao.com
16	Tmall.com
24	www.price.com.hk
77	www.hktvmall.com
304	lherb.com
397	Zalora.com.hk
431	www.fortress.com.hk
500	Strawberrynet.com
517	www.parknshop.com
648	www.ztore.com
1057	www.watsons.com.hk
1070	https://www.broadwaylifestyle.com/
2234	marketplacebyjasons.com
2446	https://www.bigbigshop.com
2509	www.wellcome.com.hk
3308	www.fingershopping.com
5969	aeonstores.com.hk
7619	https://www.yata.hk

Source : <https://www.alexa.com/topsites/countries;0/HK>

Remarks:

1. The sites in the top sites lists are ordered by their 3-month Alexa traffic rank.
2. The sites in the top sites lists are ordered by their 3-month Alexa traffic rank. A site's ranking is based on a combined measure of Unique Visitors and Pageviews. The site with the highest combination of unique visitors and page views is ranked #1. The site's metrics are estimated and based on traffic patterns across the web as a whole and using data normalization to correct for any biases that may occur in the data.

Top 8 “Most Positively Talked About” Brand in Hong Kong

Top Word of Mouth Ranking



Source: YouGov Brandindex

Methodology:

YouGov BrandIndex first screened all of its 310 brands for positive Buzz, which asks respondents "Have you heard anything positive about the brand in the last two weeks, through advertising, news, or word of mouth?" Brands with low response volume were eliminated. From those brands, they were then ranked on Word of Mouth scores, which asks respondents "Which of the following brands have you talked about with friends and family in the past two weeks (whether in person, online, or through social media)?" All respondents for this research were adults 18 through 34 years old. Data was collected between September 1, 2016 and August 31, 2018

➤ **Why Only HKTVmall Can Survive?**

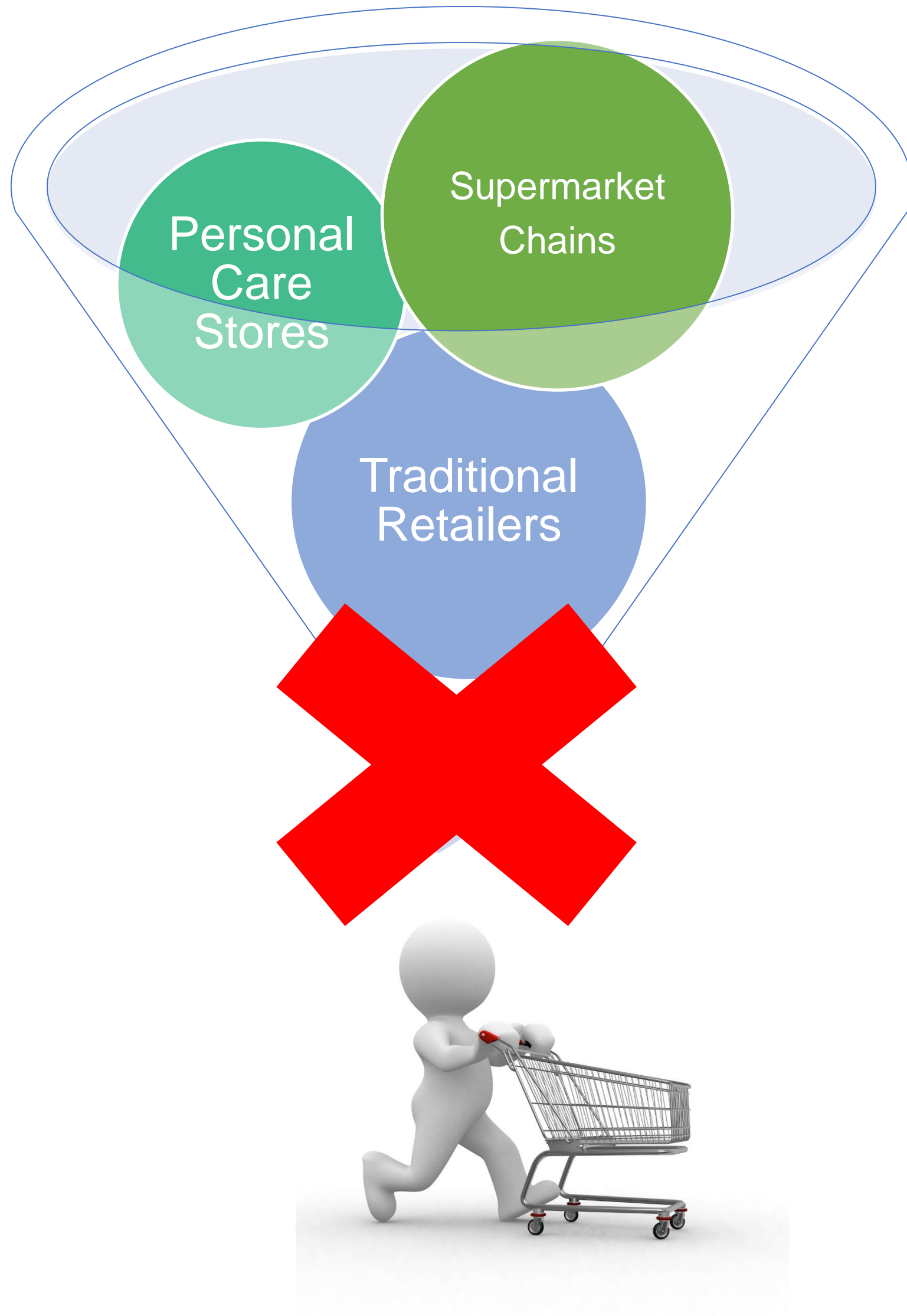
The largest HK based online shopping platform



1. Connecting **2,800** Hong Kong retailers / brand owners / traders to **1.5 millions** Hong Kong consumers
2. **10%** HK people purchased from HKTVmall in 2018
3. Over **320,000** products
4. **250,000** unique visiting device daily



Online grocery is the key to success



Competitors:

- Traditional retailers
- supermarket chains
- personal care stores
- convenience stores
- TV station
- Telecommunication operators

NONE of them able to sort out
[An Ideal New Retail Model](#)
for Hong Kong

From Global to Local

Amazon acquired Whole Foods Market in 2017, expanded grocery delivery and online ordering into dozens of Whole Foods stores, and instituted special sales and discounts for Prime members.

Explore Whole Foods Market in-store & on Amazon

Even more savings for Prime members
[See all deals](#)

Shop all your favorite 365 Everyday Value products
[Learn more](#)

Serving up Prime savings at Whole Foods Market
[See deals](#)



Amazon Go is a chain of convenience stores and the first opened in January 2018, with 17 opened by using technologies for checkout-free shopping experience.



- The key for Hong Kong eCommerce market : **Grocery**
- At **HKTVMall**, supermarket and grocery products are catalysts for **repeated purchase and stable traffic**
- In 2018, supermarket products accounting for **34%**, which ranked highest in our GMV on order intake

Our Mission

- To build an **Ecosystem** to transform Hong Kong business operation, trading, retail, finance and daily life onto a **Digital Online Platform**
- To support retail industry in Hong Kong going online so as to maintain the position as one of the **Leading Cities in Asia**

➤ **The 3 Core Pillars**

3 CORE PILLARS for our NEW RETAILING MODEL

Full Service Marketplace

HKTVmall and HoKoBuy
carrying 320,000 product items



400,000 Sq. Ft. Warehouses

Germany imported Robotic
System with ~ 35,000 daily
orders capacity*



Largest HK Residential Distribution Network

~250 Trucks in operation
~61 O2O Shops



*By 1Q2019 : up to 20,000 daily pick/pack capacity and by 1Q2020 : increase to ~ 35,000 pick/pack capacity

Full Services Digital Ecosystem to Serve Every Aspect in Life –Retailers and Consumers



One-stop Shopping Experiences: Full range of product items from Own FMCG inventory to merchants offered varieties > 320,000 items



Supermarket

Repeat Purchase Catalyst



Skincare & Make up



Personal Care and Health



Mother & Baby



Pets



Electrical Appliances



Housewares



Dining and Lifestyle



Sports and Travel



Toys and Books



Fashion



Insurance

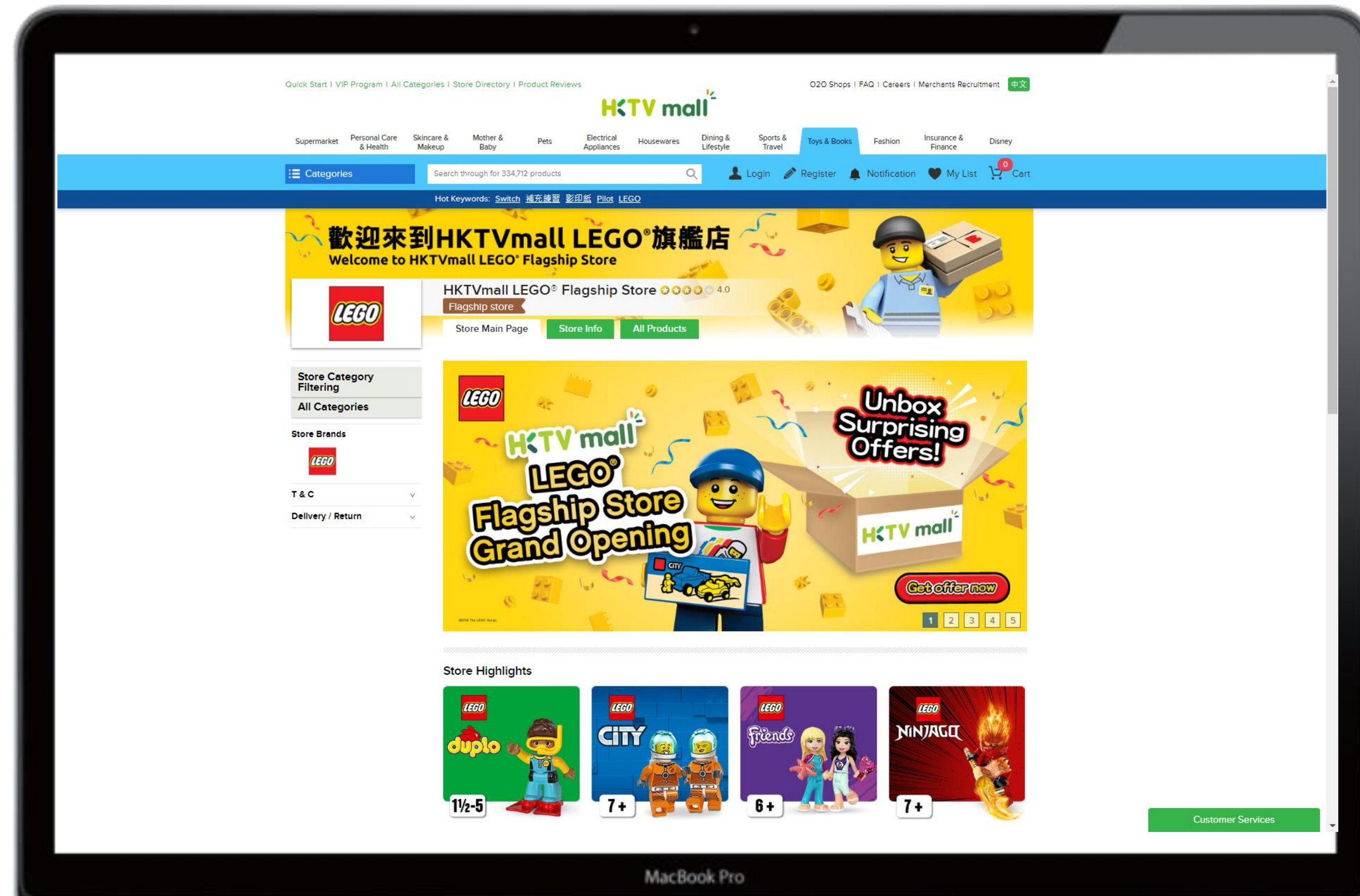


Disney



LEGO® Flagship Store

Strategic Partnership - HKTVMall X



HKTVMall Delivery Trucks wrapped with limited edition design of LEGO® X HKTVMall

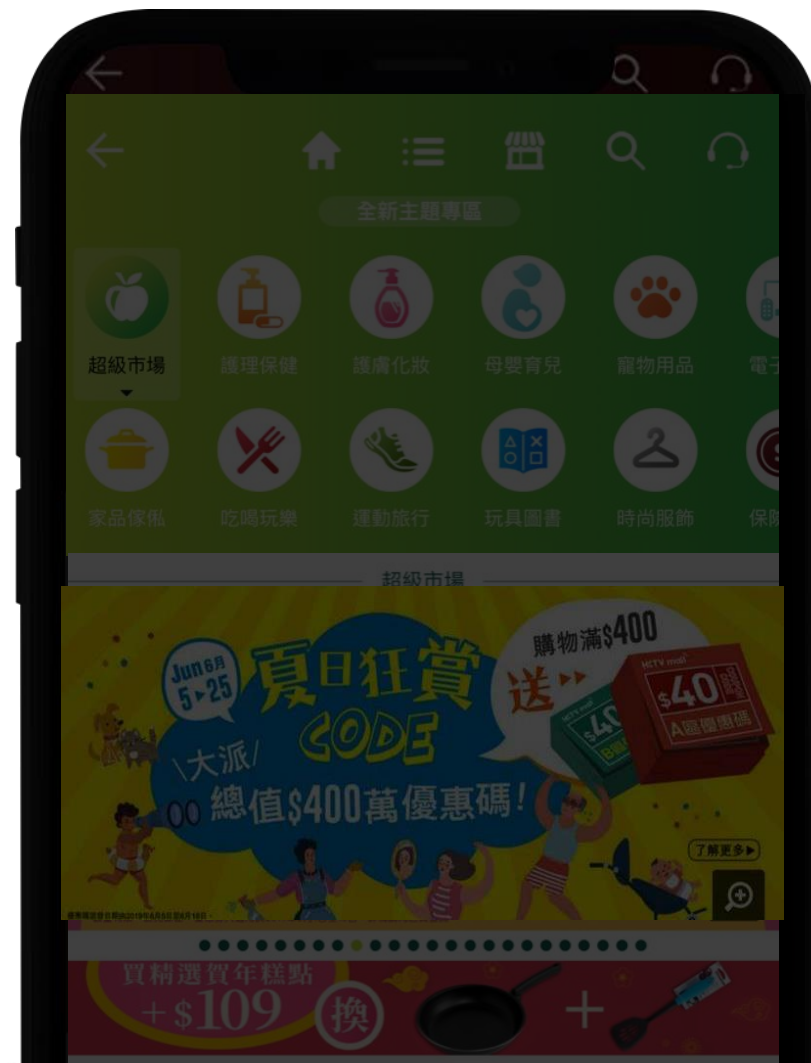


A gourmet package “built” by 188 pieces of LEGO® bricks featuring HKTVMall’s HK\$188 “Everyday Japanese Gourmet” hot promotion!

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400,000 Sq. Ft. Fulfillment Centers for Different Product Types by Automation Migration

New Tuen Mun Distribution Centre

Kwai Chung Frozen/Chilled Food Factory

Tseung Kwan O HQ eFulfillment Center

Tsing Yi eFulfillment Center

The map displays the locations of four fulfillment centers across Hong Kong, each marked with a red pin and a corresponding inset image. The Tuen Mun center is shown as a large industrial building. The Kwai Chung center is a factory with a sign for '48個凍櫃' (48 frozen storage units). The Tsing Yi center is a modern automated warehouse. The Tseung Kwan O center is a large automated warehouse with yellow overhead cranes. The map also labels various geographical features and parks such as Tai Mo Shan Country Park, Lion Rock Country Park, and Clear Water Bay Country Park.

Scalability, Cost Efficiency & Accuracy

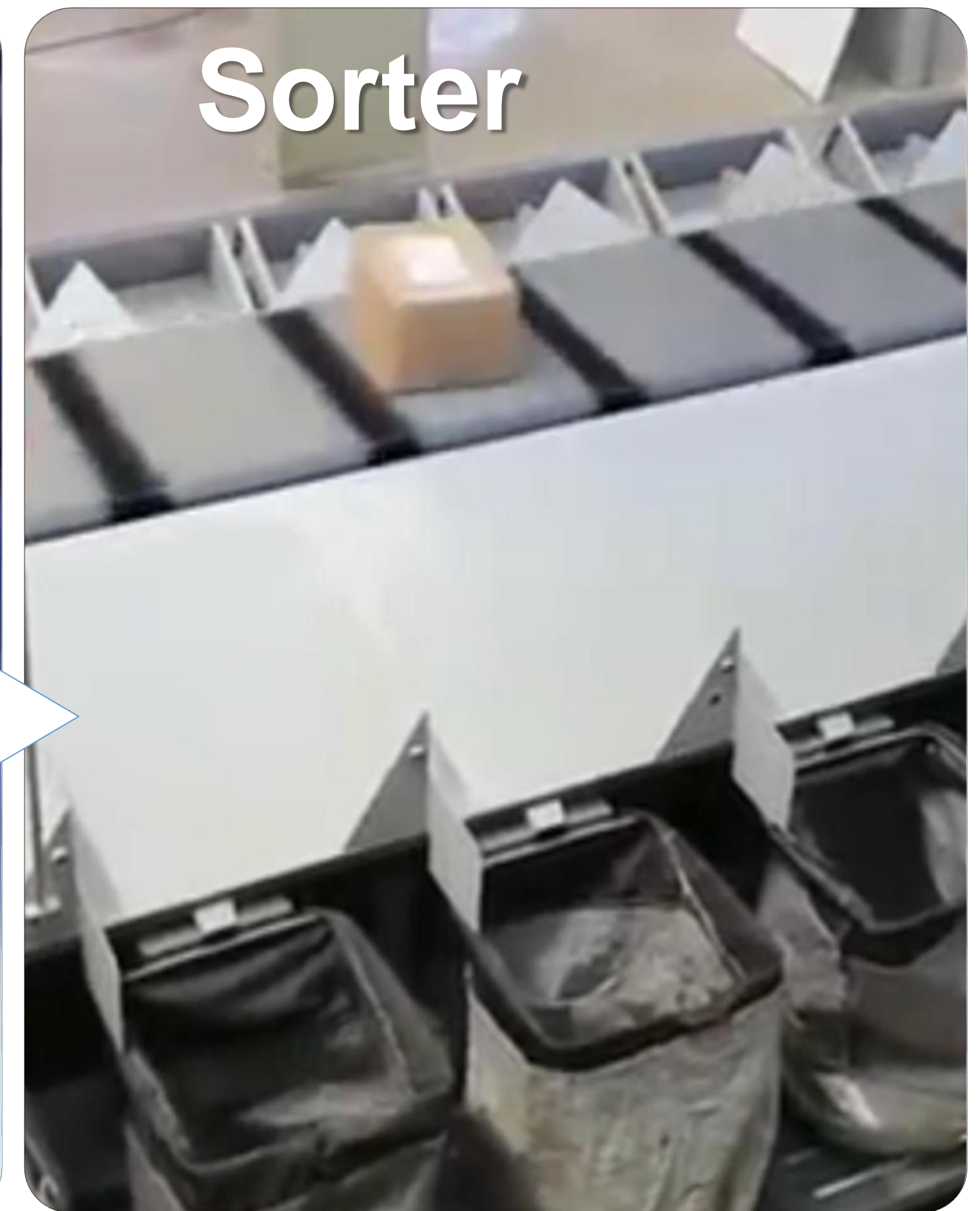
Traditional Retailing Man to Goods



New Retailing Goods to Man



Technology Deployed



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Tailor-Made Multi-Compartment Trucks



Room temperature
compartment for general
merchandise

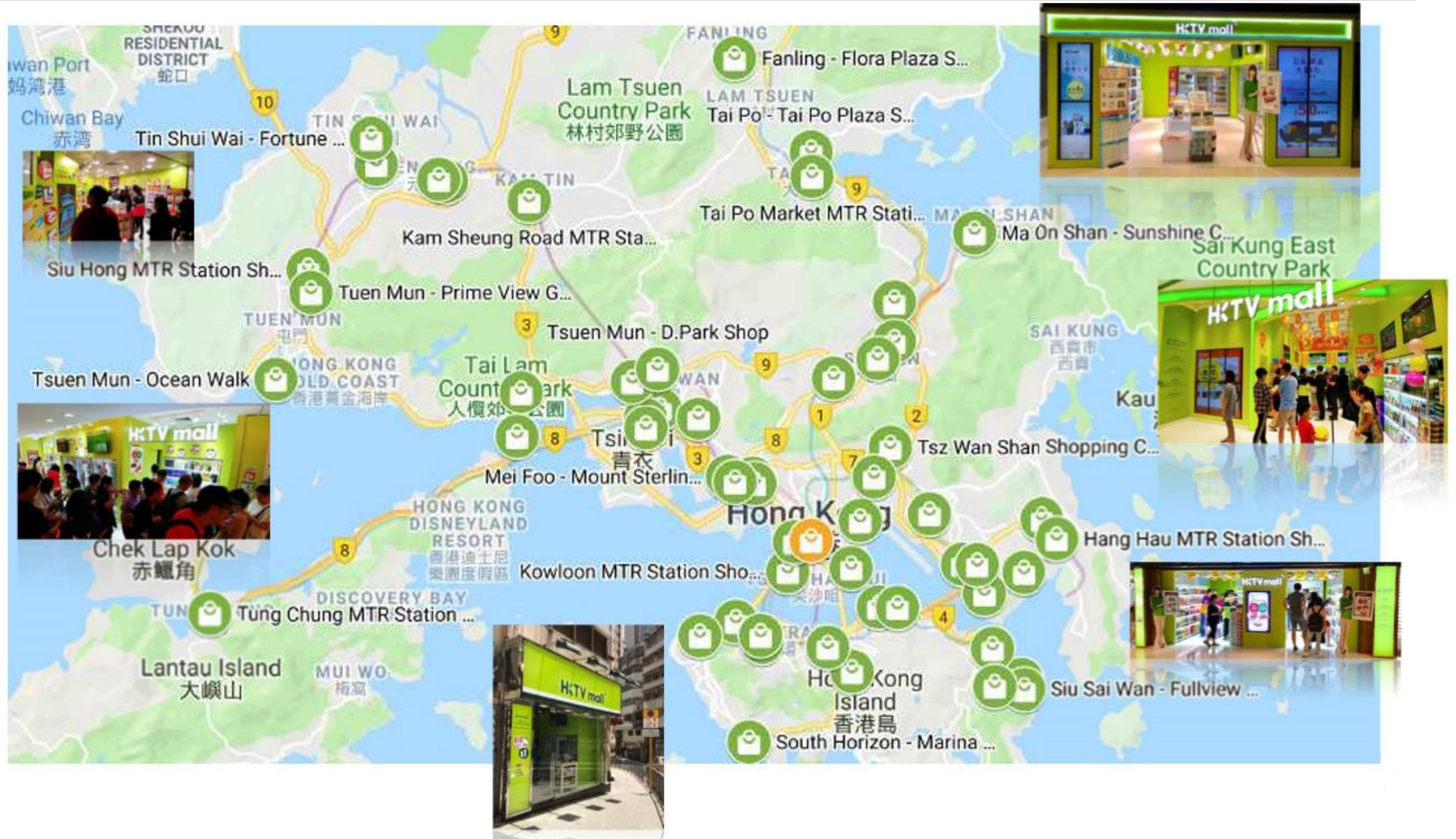


-18°C compartment for frozen food



0-4°C compartment for chilled food

Apart from Digital Marketing -Online Display > Offline Pick-Up Points



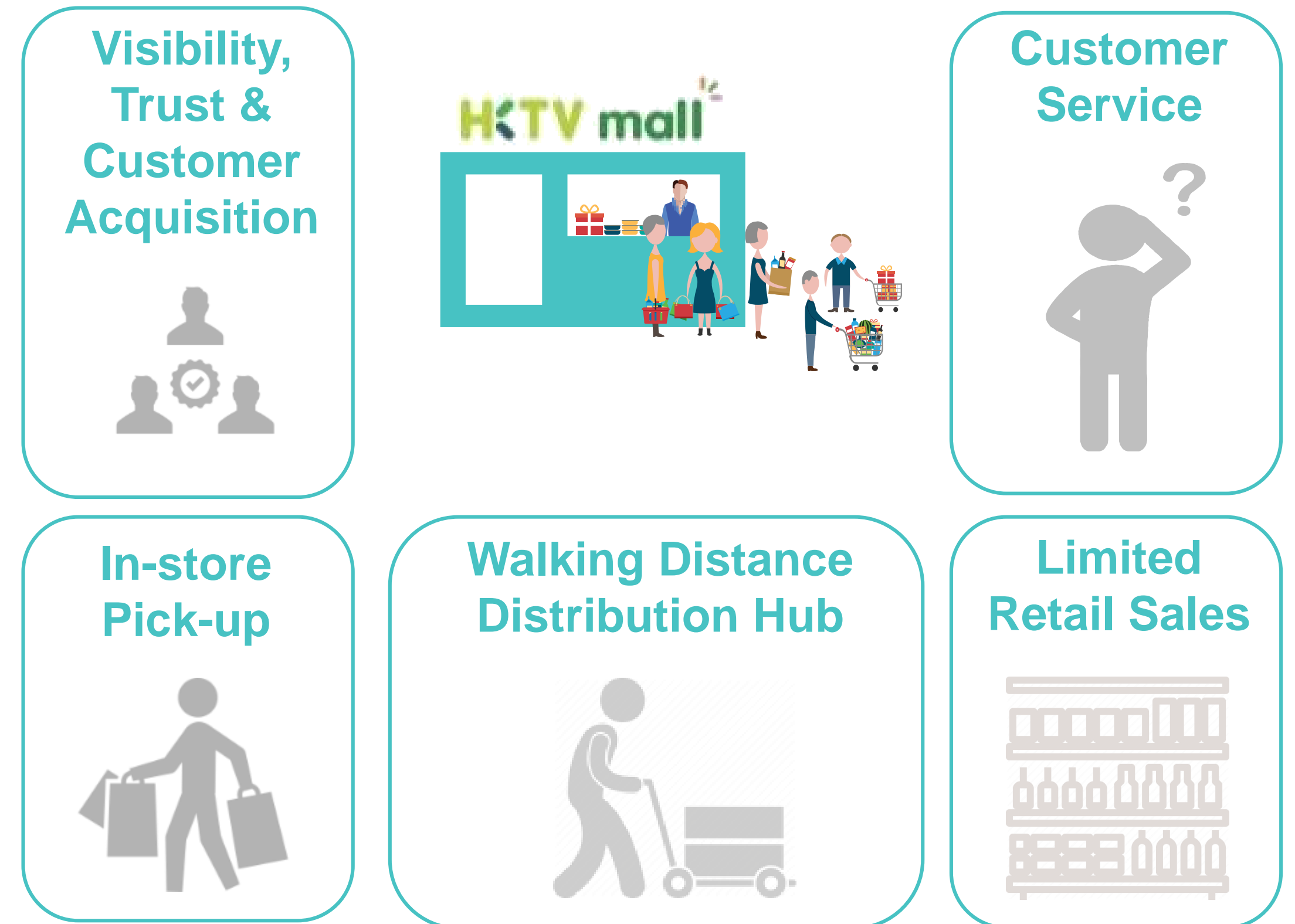
Proven O2O Strategy

Online Marketplace



Core Business & Profit Center

Offline Physical Stores (average ~350 Sq. Ft.)



Complementary to Online

End-to-End Control on the Quality of Shopping Experience



End-toEnd Control

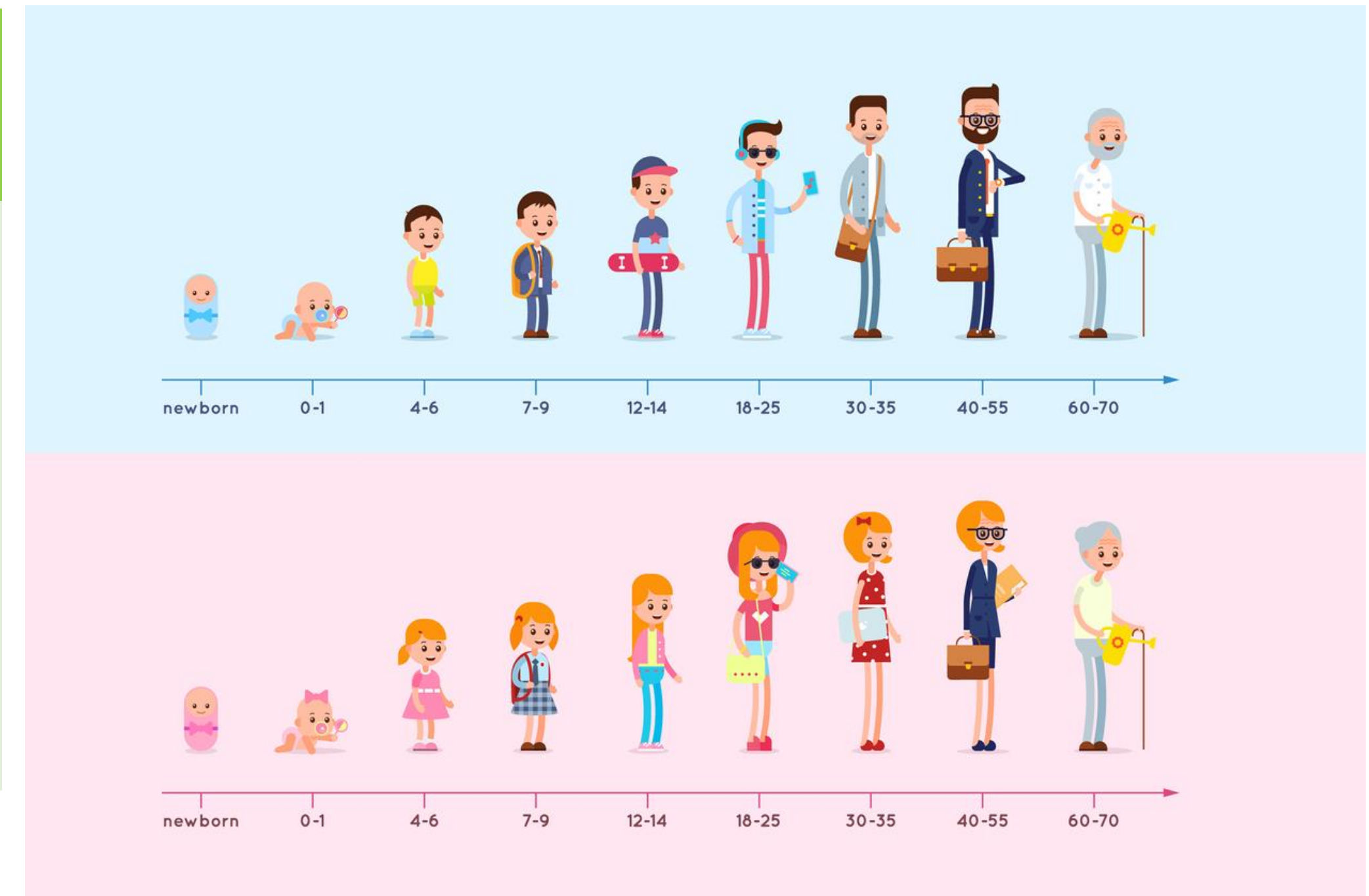
- Marketplace :
 - Variety of products
 - Choice of merchants
 - Accuracy of product information & display
- Timely delivery in polite manner
- Customer servicing
- Payment & zero bad debt

➤ **What's Next?**

WHAT'S NEXT - Accelerating O2O Conversion in Senior Segment

Age Range	Distribution of Overall Customer Base
18 - 24	9%
25 - 34	36%
35- 44	35%
45 -54	13%
55 or above	7%

Source: Google Analytics 360, for 2019Q2



Why Golden Ager?

Willing to spend for a quality lifestyle



Age: 50+
(Sizeable population)



Eager to learn



Planning their retirement life



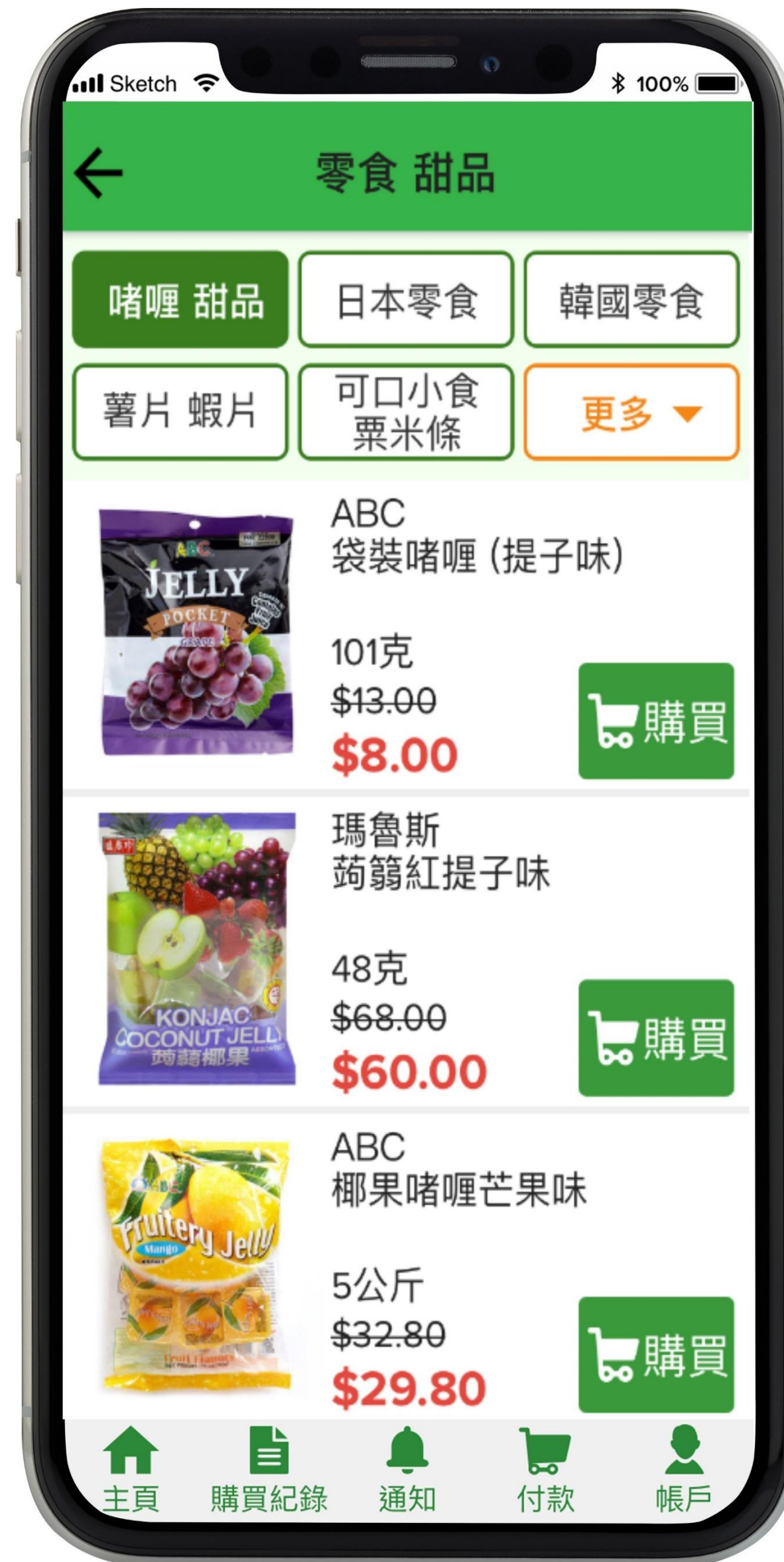
Golden Ager Comments in Focus Group

“I am very interested in online shopping, however, I don’t know how to do so.”

“I am old, I can’t carry the heavy groceries in one go, it is perfect that delivery service is provided”

“I don’t know how to use online payment, I am afraid of inputting the wrong details (while paying online).”

HKTVMall “Lite” - Technology Should Benefit Every Range of Customers



- Much larger font size and button
- Easy category browsing
- **Send the shopping list to your son and he will make the payment!**

WHAT'S NEXT - Beyond Shopping

Cooperate with Suppliers and Merchant Stores to Expand Digital Advertising

- A total solution to our Merchants and Suppliers
- First launched in January 2018, after 18 months' running

➤ **500 Advertiser Accounts in 1H2019**



Partner since January 2018

FACEBOOK

New Collaborative Advertising Scheme since January 2019

WHAT'S NEXT – Financial Services

Widening Digital Insurance Product Spectrum



Under the Pipeline

General Insurance

Home

Medical

VHIS

Domestic Helper

Working Holiday

Life Insurance

Term Life

Annuity

Enhance Digital Banking & Financial Services



➔ ePayment

➔ Personal Loans

Thank You

