



Crunching Numbers or Business Driver?

3 July 2019

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This presentation and subsequent discussions may contain forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects", "target" and similar expressions.

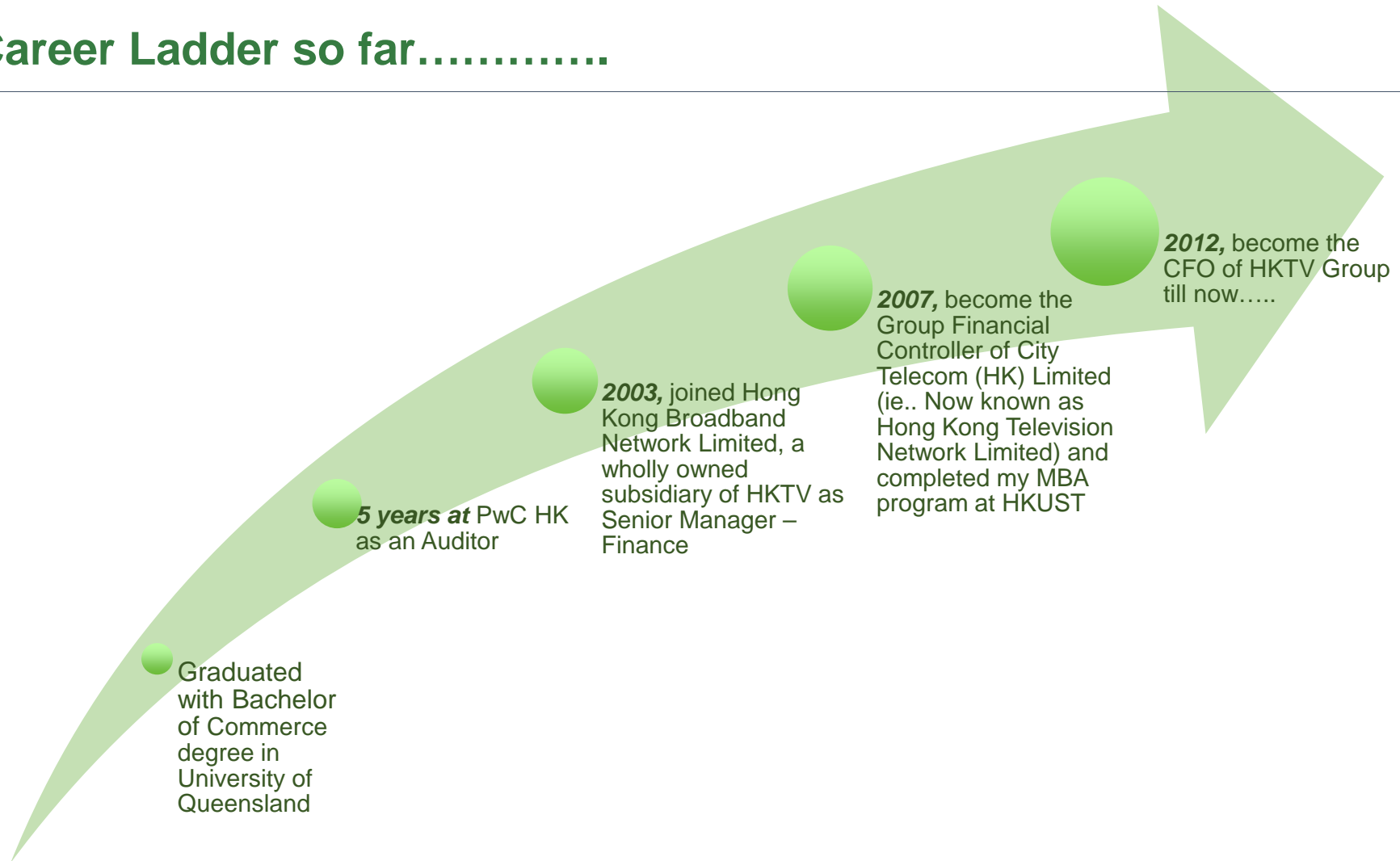
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Certain information in this presentation is extracted from Google Analytics and rounded to the nearest thousand. The computation method and basis of which have not been verified. The data could be overlapping (a) between different type of devices among Online Shopping Platform if the same user using more than one devices for browsing our Online Shopping Platform at the same time; (c) or the same user using HKTVmall app to browse the HKTVmall web-page; (d) if the same user using the same device to browse the online shopping mall through different channels/medias on the same device. The information for the same period can be changed at different point of time when capturing the data as Google Analytics performs the analysis on sampling basis. According to Google Analytics, the definition of "User" is "Users that have had at least one session within the selected date range, which includes both new and returning users." The above data are unaudited and are not indicative of the Company's business performance, financial condition or growth prospect. Readers should not place reliance on these data.

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

We are not required to correct or update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events or otherwise.

Our Career Ladder so far.....



An “Always Something New” Team



Full Services Marketplace Online & Offline, Product Variety, Total Solutions to Retailers



One-stop Shopping Experiences: Full range of product items from Own FMCG inventory to merchants offered varieties > 300,000 items



Supermarket



Skincare & Make up



Personal Care and Health



Mother & Baby



Pets



Electrical Appliances



Housewares



Dining and Lifestyle



Sports and Travel



Toys and Books



Fashion



Insurance

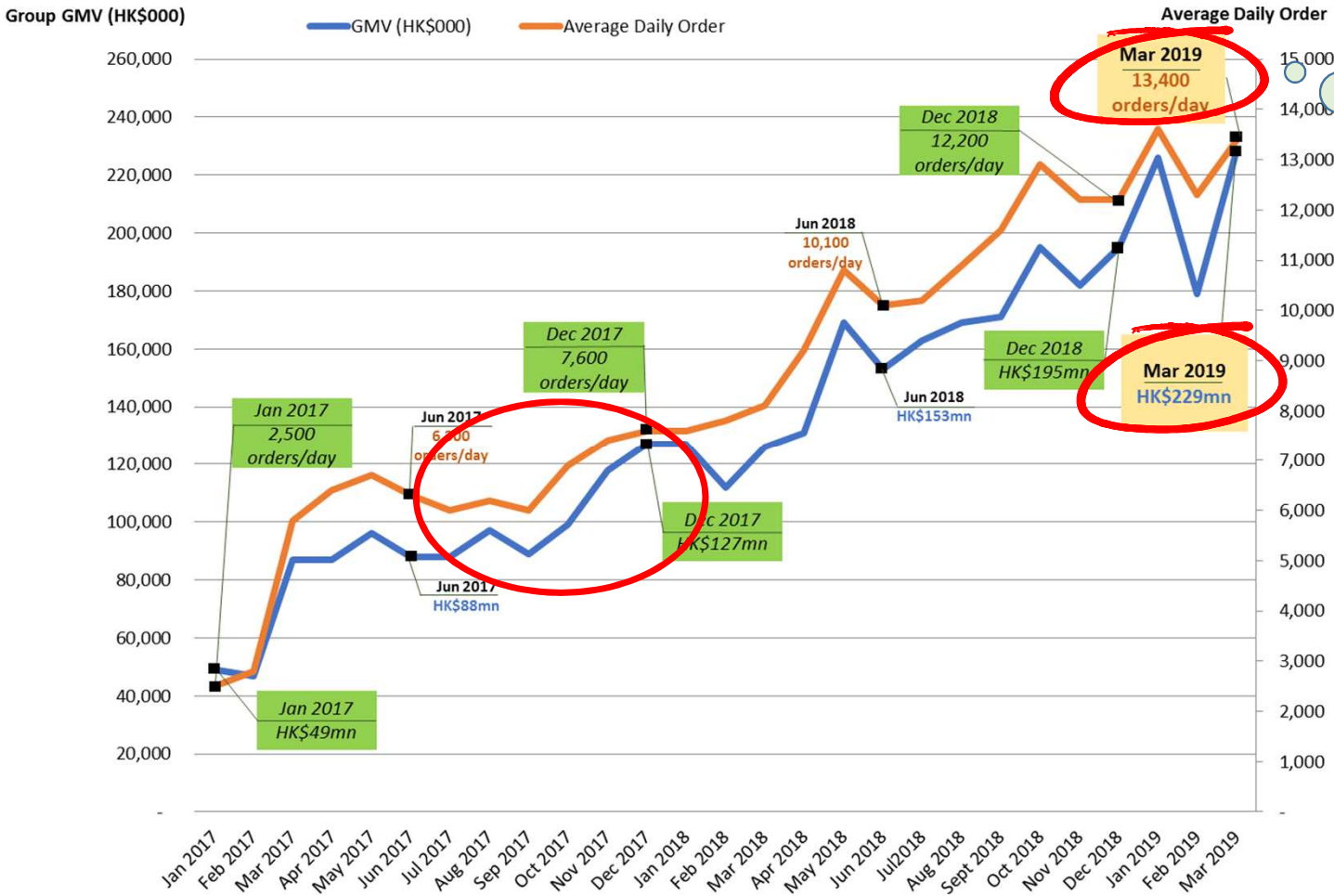


Motors



Launched at
28 March
2019

Increasing Demand of Online Shopping in Hong Kong



Our Challenges:
Can we achieve
“Scale” at a “Stable
Environment” and
“Cost Efficient”
level?

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.

Accountant is a boring job?



Will Accountants being replaced by Robotics soon?

信報 財經新聞

熱門：貿易戰 英脫歐 投票： 登入 註冊 | 訂閱 / 續訂

搜尋 Tips 合併訂閱優惠價 \$1,110

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主頁 即時新聞 今日信報 港股360 地產投資 財富管理 信博 專題 信報視頻

目錄 要聞 理財投資 時事評論 財經新聞 地產市道 政壇脈搏 獨眼香江 兩岸消息 EJ Global 副刊文化 股市行情表 作者搜尋

◀ 返回前頁 文章：會計核數師等職位 CFA估10年全淘汰

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2019年6月20日

會計核數師等職位 CFA估10年全淘汰



信報 財經新聞

www.cfainstitute.org

放大圖片 / 顯示原圖

CFA協會調查發現，未來5至10年亞太區內最多的人認為會計師或核數師、分析員和銷售代理將被淘汰。CFA協會亞太區董事總經理連伯樂（Nick Pollard）建議專業人士應裝備自己，迎接科技及市場變化帶來的挑戰，並認為區內企業普遍對科技顛覆行業的應對準備不足。企業應對科技顛覆準備不足，該協會向3832 ...

主辦機構 Organizer: 博財經

支持單位 Supporting Organizations: 興證國際 華盛證券 德信匯 CCA 華信證券

媒體合作夥伴 Media Partners: 獨家網上路演合作夥伴 Exclusive Online Roadshow Partner: 華信證券



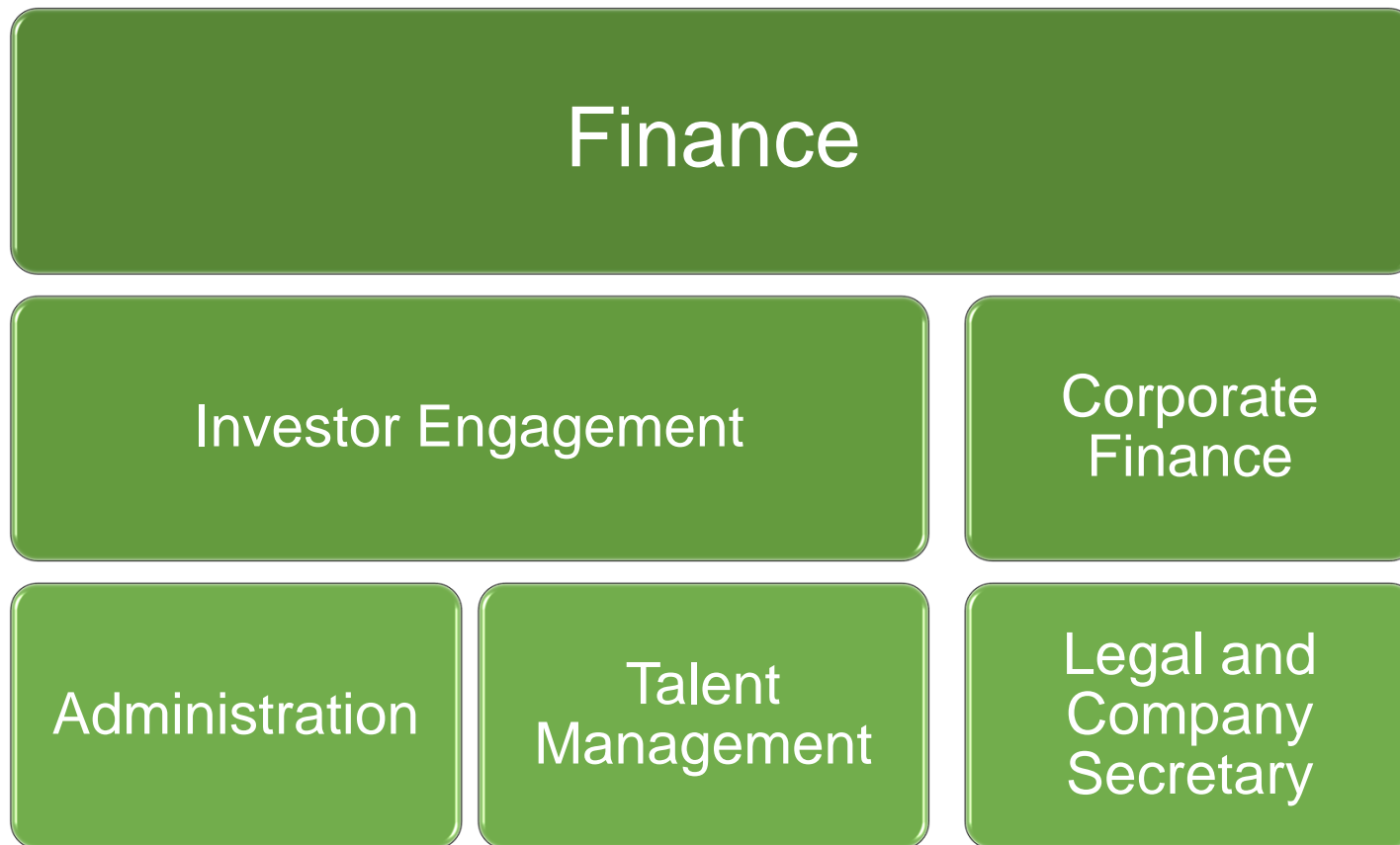
KUONI 康樂遊 CUNARD

乘維多利亞皇后號
暢遊英倫三島、冰島
感受優雅傳統的皇后郵輪優質服務

Source:

<https://www1.hkej.com/dailynews/finnews/article/2168122/%E6%9C%83%E8%A8%88%E6%A0%B8%E6%95%B8%E5%B8%AB%E7%AD%89%E8%81%B7%E4%BD%8D++CFA%E4%BC%B010%E5%B9%B4%E5%85%A8%E6%B7%98%E6%B1%B0>

As a CFO, am I only working on NUMBERS?



Challenges for Evolution (a slide prepared 7 years ago)

Bean Counter	Bean Allocator
<p>✗ Deal with banks for daily cash flow management</p>	<p>☑ Proactively manage company's overall capital structure to minimize costs of funding at appropriate risk profile</p> <ul style="list-style-type: none"> ☑ 1997 HK IPO listing ☑ 1999 US NASDAQ listing ☑ 2005 US\$125mn Global Senior Notes offering ☑ 2008 – 2010 US\$125mn Senior Notes buy-back and full redemption ☑ 2009 HK\$175mn debt financing to fund the Senior Notes redemption ☑ 2010 US\$52mn US ADR equity placement ☑ 2011 US\$50mn 3-year bilateral bank loan ☑ 2012 HK\$4.9bn very substantial disposal ☑ 2012 onward: to manage HK\$2bn investment portfolio to sustain a loss making business
<p>✗ Monitor departmental performance by delivering monthly report</p>	<p>☑ Motivate departmental performance to beyond target through recommendations on departmental / personal incentive structure and proper control procedures</p>



HONG KONG TELEVISION
NETWORK LIMITED
香港電視網絡有限公司
50-51 香港交易所新設的樓層: 107

Wow! GP at
40%

(day dreaming)

CONSOLIDATED Income Statement

For the year ended 31 December 2018 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2017 HK\$'000
Turnover	2	896,374	487,257
Direct merchandise sales	2	685,889	346,173
Cost of inventories		(538,752)	(295,178)
		147,137	50,995
Income from concessionaire sales and other service income	2	197,358	139,056
Licensing of programme rights and net advertising income	2	13,127	2,028

MANAGEMENT'S DISCUSSION AND ANALYSIS

	2018 HK\$'000	2017 HK\$'000
On completed orders and on adjusted basis ¹⁰		
Direct merchandise sales		
GMV on completed orders ^{10,11}	715,093	381,126
Cost of inventories	(538,752)	(295,178)
Gross profit	176,341	85,948
Gross profit margin	24.7%	22.6%
Income from concessionaire sales and other service income		
GMV on completed orders ¹⁰	1,118,970	649,766
Merchant payments (net off by other service income)	(918,582)	(516,918)
Income from concessionaire sales and other service income ¹²	200,388	132,848
Blended commission rate	17.9%	20.4%
Total GMV on completed order ¹⁰	1,834,063	1,030,892
Total gross profit and income from concessionaire sales and other service income ^{11,12}	376,729	218,795
Total gross profit margin and blended commission rate	20.5%	21.2%

Source: Extracted from Hong Kong Television Network Limited 2018 Annual Report



Management Discussion and Analysis (continued) 管理層討論及分析 (續)

**Gross Profit:
73.8%**

Gross Profit and Concessionaire Rates

The Group's gross profit margin as a percentage of turnover decreased to 73.8% from 75.4% in 2017, mainly caused by a higher growth in direct sales relative to APO and concessionaire sales. Gross profit amounted to HK\$3,215.3 million, up 13.6% from HK\$2,830.6 million in 2017. The blended average concessionaire rate for the Group remained relatively stable at approximately 24.8%, compared with approximately 24.7% recorded in the previous year.

Source: Extracted from Lifestyle International Holding Ltd 2018 Annual Report

Financial Highlights 財務摘要

Operating Results 經營業績

HK\$'000 千港元	2018 Continuing operation 持續經營業務	2017 Continuing operation 持續經營業務 (Restated) (重列)
Sales proceeds 銷售所得款項	11,707,732	10,316,508
Turnover 營業額	4,358,010	3,755,092

Notes:

(a) Application of the HKFRS 15 has resulted in a change of the accounting treatment for those sales transactions under the APO arrangements. These transactions were previously accounted for as direct sales on a gross basis amounted to HK\$1,920,726,000 and HK\$1,681,352,000 for the years ended 31 December 2018 and 31 December 2017, respectively, whereas under the HKFRS 15, the Group is regarded as the agent rather than the principal and therefore only the commission income amounted to HK\$532,036,000 and HK\$473,848,000 for the years ended 31 December 2018 and 31 December 2017, respectively on a net basis will have been booked as the Group's turnover.

Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表

for the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	NOTES 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Restated) (重列)
Continuing operation 持續經營業務			
Turnover 營業額	6	4,358,010	3,755,092
Cost of sales 銷售成本		(1,142,748)	(924,502)
Gross profit 毛利		3,215,262	2,830,590

6. Turnover

Turnover represents the amount received and receivable for goods sold by the Group to outside customers (net of discounts), income from concessionaire sales, income from APO sales, service income and rental income during the year, and is analysed as follows:

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Restated) (重列)
Continuing operation 持續經營業務		
Sales of goods — direct sales 貨品銷售 — 直接銷售	1,562,484	1,273,779
Income from concessionaire sales 特許專權銷售收入	2,095,041	1,900,998
Income from APO sales 銷售後訂單銷售收入	535,326	479,877
Service income 服務收入	125,470	63,113
Rental income 租金收入	39,689	37,325
	4,358,010	3,755,092

6. 營業額

營業額指本集團年內就向外界客戶出售貨品的已收及應收款項減折扣、來自特許專權銷售之收入、來自「銷售後訂單」銷售之收入、服務收入以及租金收入，茲分析如下：

**Estimated
GP ~
25.5%**

Application of ABC for Cost Efficiency and Revenue Growth

Other Operating Expenses

45% of Total
Operating
Expenses

Functions	As a % of GMV on completed orders	2018 HK\$'mn	As a % of GMV on completed orders	2017 HK\$'mn	Variance HK\$'mn
Fulfillment cost	18%	332.5	22%	230.2	102.3
Marketing and promotion including O2O shop	6%	119.1	6%	63.8	55.4
Ecommerce operation and supporting functions	10%	188.6	17%	178.9	9.7
Non-cash items:					
Amortisation expenses	1%	24.0	1%	15.1	9.0
Depreciation expenses	4%	67.5	5%	46.8	20.7
Equity settled share-based payment expenses	0%	7.2	3%	28.8	(21.6)
Others	0%	(1.3)	0%	5.0	(6.3)
	40%	737.6	55%	568.6	169.0
Total GMV on completed orders		1,834.1		1,030.9	

Stock in and
housekeeping

Pick and pack


Central logistics

Consolidation
with merchant
goods

Last mile
delivery

Investor Engagement

- 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**

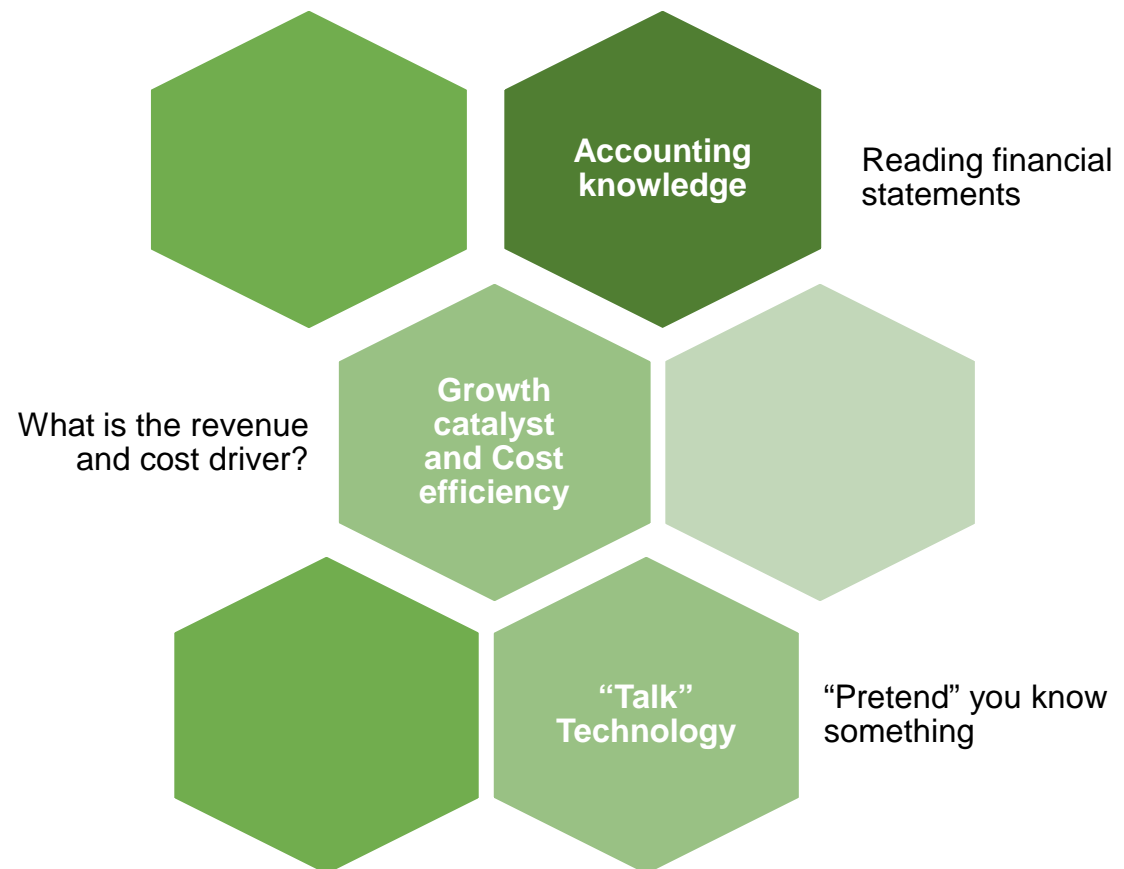


**Hong Kong
need
eCommerce!**



**HKTV will
be the
Winner!**

Investor Engagement = Sales Pitching



Use Technology to “Build” Infrastructure

1.Scale = Increase in Headcount?

- 1. Running man vs Robotic
- 2. Live Customer Service vs AI Chatbot

2.Traditional Retail vs Digitalization

- 1. Audience list as digital driver for sales conversion
- 2. Self served merchant management system vs Relationship Manager
- 3. O2O Shop for Sales vs Education and Conversion

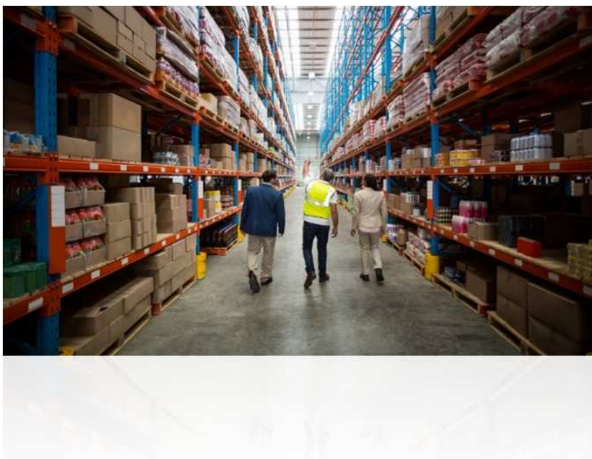


Automated Warehouse Operation - Scalability, Cost Efficiency & Accuracy

Loss-making “Highly Manual Fulfilment Process” Stable & Profitable “Highly Automated Process”



Traditional
Retailing
Man to Goods



New Retailing
Goods to Man



Robotic Systems in HKTVmall Logistics Centre (Phase I & II)



HKTVmall is a Google Partner

Conversion Uplift via Remarketing List

More precise target marketing in placing digital ad, this is our strength brought by BIG DATA collected from HKTVmall and HoKoBuy!



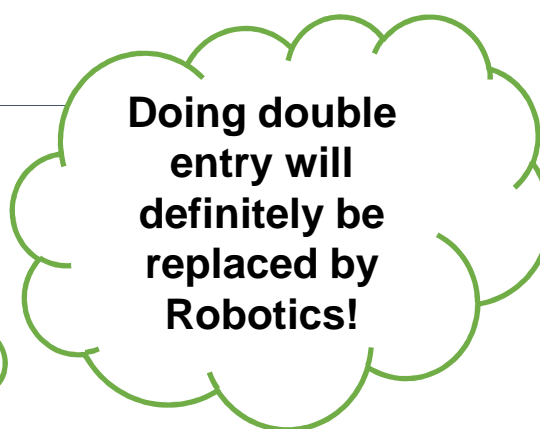
According to 2017 experiment,
HKTVmall remarketing audience VS Google
audience



Conversion rate

Uplift
31X

My Little Sharing.....



Doing double entry will definitely be replaced by Robotics!

Basic Accounting Knowledge

< > Double Entry to balance the Trial Balance

= Ability to Adapt to Different Technology and Business, to Interpret, to Drive Change is not Replaceable!

Thank You!

