



友和集團控股有限公司
Yoho Group Holdings Limited

**Yoho Group Announces 2022/23 Annual Results
Adjusted Net Profit Reaches HK\$23 Million
Leverages Three Core Growth Engines to Drive Development**

(Hong Kong, 23 June 2023) – **Yoho Group Holdings Limited** (“Yoho” or the “Group”; Stock Code: 2347), a leading e-commerce platform in Hong Kong, is pleased to announce its audited consolidated financial results for the year ended 31 March 2023 (the “Reporting Period”). During the Reporting Period, the global economy faced persistent turbulence due to a variety of unfavorable macroeconomic factors, including the enduring impact of the COVID-19 pandemic, heightened inflation, interest rate hikes, and geopolitical uncertainties. In particular, the epidemic situation in Hong Kong deteriorated significantly in the first three quarters of the Reporting Period. While the stimulus voucher program and the easing of anti-pandemic restrictions at the end of 2022 provided support for local retail sales, the surge in outbound travel following the relaxation of restrictions strained domestic consumer demand. Despite the challenging environment, the Group exhibited its resilience and adaptability, enabling it to deliver solid financial results and remain profitable during the Reporting Period.

Overall Performance

During the Reporting Period, the Group’s gross merchandise value¹ (“GMV”) and revenue reached approximately HK\$929.2 million and HK\$855.1 million respectively, representing year-on-year growth of approximately 6.3% and 8.2%. The Group’s gross profit amounted to HK\$131.2 million, up by 6.9% year-on-year, and its gross profit margin remained stable at approximately 15.3%. Adjusted net profit² recorded a moderate decline to HK\$23.0 million, mainly attributable to the Group’s strategic reinvestment in future business development, including (i) the additional operating expenses incurred, including legal and professional fees after its listing on The Stock Exchange of Hong Kong Limited (“HKEX”); (ii) the increase in investment in system development for long-term goal; and (iii) the increase in initial cost for new business development. In terms of operational data, the number of registered members of the Yoho e-commerce platform (the “Yoho Platform”) as of 31 March 2023 further increased to approximately 961,000. During the Reporting Period, the number of orders³ intake reached approximately 477,000. The basket value⁴ per order hit a record high of HK\$1,950, reflecting the Group’s growing core competitiveness and immense growth potential.

Business Review

Launch of Marketplace Platform (“3P Business Model”)

To further monetise the significant website traffic and enhance customer stickiness, the Group launched its 3P Business Model in November 2022, inviting quality third-party merchants (“Merchants”) to sell on the Yoho Platform. Merchants primarily offer quality products that are not available on the Group’s direct-to-consumer platform (“1P Business Model”) with higher purchase frequency. The newly added product categories include beauty and skincare, health and wellness, mother and baby, household, pet supplies, wines and spirits and toys. The Group charges commissions from Merchants for each completed sale to diversify its revenue streams. As of 31 March 2023, the Group has attracted over 270 Merchants and introduced approximately 10,000 new SKUs to the Yoho Platform.

The Group expects synergies to be created between the 1P and 3P Business Models as the 3P Business Model matures, leading to a mutual boost in traffic and transactions. The Group also expects to offer a total of 60,000 non-repetitive SKUs by the end of 2023. Furthermore, the stable profitability of the 1P Business Model provides a solid foundation for the development of the 3P Business Model, allowing for greater flexibility in setting Merchants’ commissions. Consequently, Merchants can offer goods at more competitive prices. In addition, Merchants can leverage the Group’s well-established e-commerce infrastructure to explore business opportunities. For example, the advanced payment ecosystem on the Yoho Platform provides Merchants with diversified payment options to better meet various consumer needs. Moreover, the precise segmentation of the Group’s customer base allows Merchants to gain a thorough understanding of customer demands and enhance their marketing efficiency, thereby spurring the growth of the 3P Business Model.

New Flagship Store in Causeway Bay

To optimise its OMO strategic framework and further penetrate the Hong Kong market, the Group opened its largest flagship store in October 2022, spanning 12,000 square feet on the 9th floor of Hang Lung Centre in Causeway Bay. The store’s professional sales team can assist customers to purchase over 24,000 electronic products and appliances. The Group’s OMO model has enabled full integration of online and offline traffic, allowing the sales volume of the Causeway Bay store to rapidly approach that of the existing two flagship stores shortly after opening, significantly shortening the break-even period for the new store and mitigating early stage risks. The Group’s offline retail network now covers Kowloon East, Kowloon West, and Hong Kong Island, providing both existing and potential customers with an enhanced shopping experience.

1. The “GMV” for a particular financial year is equivalent to the total gross sales dollar value of all relevant orders intake for products and services during that financial year, regardless of whether the products and services are delivered, returned or cancelled; before deductions for discounts offered by us and set-offs by virtue of conversion of membership points; and inclusive of shipping and handling charges, duty and taxes.
2. Adjusted net profit is defined as non-HKFRS measures as profit for the year adjusted by (i) fair value change in convertible redeemable preferred shares, (ii) expenses relating to the listing of the Group’s Shares on the Main Board of the Stock Exchange in June 2022, and (iii) share-based payment settled by the Group’s controller shareholder.
3. The “number of orders intake” for a particular financial year consists of orders placed with the Group, orders made by its customers at our retail stores, and orders from consumers received via online redemption platform(s) of third-party reward scheme(s) and third-party online marketplaces during that financial year.
4. The “basket value” for a particular financial year is calculated by dividing the Group’s GMV by the number of orders intake during that financial year.

Strategic Partnership with Japan Home Centre (H.K.) Limited (“JHC”)

To improve its last-mile delivery efficiency, the Group launched a strategic partnership (the “Partnership”) with JHC, a wholly-owned subsidiary of International Housewares Retail Company Limited (Stock Code: 1373), in March 2023. In the first phase of the Partnership, customers who spend HK\$300 or more on the Yoho Platform can enjoy free pick-up services at 30 JHC stores across Hong Kong, ensuring “Same-day Collection” for orders placed before 9:00 a.m. on a daily basis. Discussions are underway to expand the JHC pick-up network to meet the growing demand for quick commerce. The Partnership allows both parties to leverage their strengths and resources synergistically. JHC’s extensive network of over 300 offline shops bolsters the Group’s last-mile delivery capabilities, while the Group’s significant member base of one million can bring new customer traffic to JHC, creating a win-win situation.

Development Strategy

1P Business Model

Looking ahead, the Group will continue to drive its development through its three growth engines, namely the 1P Business Model, the 3P Business Model and the cross-border e-commerce business. According to retail sales statistics released by the Census and Statistics Department for 2018 to 2022, electrical goods and other consumer durable goods consistently accounted for approximately 10% of the total value of retail sales. This suggests that the Hong Kong electrical appliance market is worth between HKD35 billion and HKD40 billion, indicating substantial growth potential for the Group’s 1P Business Model.

On this basis, the Group aims to capture a larger market share through organic growth by strengthening the breadth and depth of its inventory. Additionally, the Group is likely to launch its mobile application in FY23/24 to enhance the user experience and increase purchase frequency. The Group will also actively pursue a merger and acquisition plan that targets small e-commerce platforms, upstream or downstream companies or brands to expand its customer base and fortify its leading position. Furthermore, to perfect its OMO shopping experience, the Group plans to establish two large retail stores in New Territories East and West in FY23/24 and deploy quick-commerce services. In addition to the Partnership with JHC, the Group has been exploring potential collaborations with leading logistics companies to offer on-demand delivery services, striving to make online shopping even more convenient and hassle-free.

3P Business Model

The 3P Business Model enables the Group to capture consumption demand beyond electronic products and home appliances by offering a diverse range of quality merchandise. With a broader product offering, customers can enjoy a more extensive selection of products and easily discover items that complement their initial purchases, thereby increasing opportunities for up-selling and cross-selling, and ultimately boosting the Group’s revenue and growth potential.

Besides earning commissions from Merchants for each completed sale, the Group plans to offer high-demand digital advertising services to Merchants in FY23/24. These effective marketing and advertising solutions will enable Merchants to boost traffic and conversions for their product offerings. The Group also plans to provide comprehensive fulfillment services to Merchants in FY23/24. This initiative has the potential to streamline and optimise the logistics process to shorten delivery times and enhance the shopping experience for customers. Merchants can also leverage the Group’s established logistics and warehouse system to scale their operations more efficiently.

Cross-border E-commerce Business

The Group plans to allocate more resources in FY23/24 to actively develop its cross-border e-commerce business across China, starting with the Greater Bay Area (“GBA”). The Group intends to establish a dedicated China business team to focus on understanding local market dynamics, customer preferences, and emerging trends to tailor its offerings accordingly. Furthermore, the Group has been strengthening its marketing efforts in the GBA market by exploring collaborations with key opinion leaders who have significant influence among Chinese consumers and utilising e-commerce livestreaming to bolster its brand reputation and drive sales. With the introduction of its 3P Business Model, the SKUs on the Yoho Platform will grow exponentially through the onboarding of Merchants, providing the Group with a more diverse range of products to meet the diverse needs of the GBA consumer base.

Mr. Franz Wu, Chairman and Chief Executive Officer of Yoho Group, said, “During the Reporting Period, the macroeconomic environment remained fragile and Hong Kong was still overshadowed by the pandemic, resulting in a sluggish local retail market. Despite the adversity, we achieved solid financial results with our flexible business strategy and robust cost discipline. We expect the global economy to remain uncertain in the coming year and it may take some time for Hong Kong’s retail market to fully recover. However, with the normalization of the pandemic and the resumption of normal daily life, we are confident that the most challenging times are behind us and business conditions will continue to improve. Looking ahead, the Group will actively develop its three core businesses. Our 1P Business Model still has massive room for growth in terms of market share. Our newly launched 3P Business Model has proven its huge potential in the development of global e-commerce. The GBA consumption circle, which is continuously promoted by the government, has also opened up new opportunities for the Group’s cross-border e-commerce business. We will continue to drive the Group’s sustainable development, improve the quality of our products and services, and bring greater value to all stakeholders.”

Please click here to watch a one-minute highlight video of Yoho Group’s 2022/23 Annual Results:
<https://www.youtube.com/watch?v=YkoLDnsrVTs>

About Yoho Group Holdings Limited (Stock Code: 2347)

Yoho Group Holdings Limited, Hong Kong's first B2C e-commerce company listed on the HKEX main board, operates on the online-merge-offline (OMO) business model. It has more than 1,000,000 registered users and offers a diverse product portfolio covering approximately 34,000 SKUs (with a focus on consumer electronics and home appliances). According to Frost & Sullivan 2020/21 data, Yoho ranked first as an e-commerce platform with a primary focus on consumer electronics and home appliances in Hong Kong in terms of website traffic and recorded the highest online retail sales of consumer electronics and home appliances among all Hong Kong e-commerce platforms.

For Media Inquiries:

Strategic Financial Relations Limited

Ms. Heidi So Tel: (852) 2864 4826
Ms. Phoenix Fung Tel: (852) 2114 4939
Ms. Yvonne Lee Tel: (852) 2864 4847

Email: heidi.so@sprg.com.hk
Email: phoenix.fung@sprg.com.hk
Email: yvonne.lee@sprg.com.hk