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**Hong Kong Television Network Limited**  
**香港電視網絡有限公司**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 1137)**

**ACQUISITION OF RIGHT-OF-USE ASSETS  
DISCLOSEABLE TRANSACTION IN RELATION  
TO THE AGREEMENTS**

**THE AGREEMENTS**

The Board announces that on 15 June 2021, HKTV eCommerce Fulfilment, an indirect wholly-owned subsidiary of the Company, entered into a legally binding Offer Letter as lessee with the Lessor in respect of the lease of Premises II for a term of four (4) years commencing from 1 July 2021 to 30 June 2025 (both days inclusive) with an option to renew for a further three (3) years for Premises I and Premises II for use as a fulfilment centre of the Group. Premises II is an additional fulfilment centre to prepare for the Group's eCommerce Business growth which forms part of the 3-year plan including fulfilment capacity expansion as announced in the Group's 2020 interim results announcement dated 27 August 2020.

Within the past 12 months, on 22 December 2020, Hong Kong TV Logistics, an indirect wholly-owned subsidiary of the Company, entered into Addendum II as lessee with the Lessor in respect of the renewal of the lease of Premises I for a term of three (3) years and twenty-one (21) days commencing from 10 June 2022 to 30 June 2025 (both days inclusive) for use as a fulfilment centre of the Group.

**LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of (i) the Offer Letter in respect of the lease of Premises II and the renewal option for Premises I and Premises II; and (ii) Addendum II in respect of the renewal of the lease of Premises I, as lessees will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Offer Letter and Addendum II, respectively, and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group in accordance with the Listing Rules.

## **LISTING RULES IMPLICATIONS**

As the transactions under the Agreements were entered into between subsidiaries of the Company with the same Lessor within a 12-month period, according to Rule 14.22 of the Listing Rules, the transactions contemplated thereunder shall be aggregated and treated as if they were one transaction. All of the applicable percentage ratios in respect of Addendum II entered into on 22 December 2020 is less than 5% while the highest applicable percentage ratio in respect of the Offer Letter is higher than 5% but lower than 25%. Moreover, as the highest applicable percentage ratio upon aggregation of the Agreements is higher than 5% but also lower than 25%, the transactions contemplated thereunder, when aggregated, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 15 June 2021, HKTV eCommerce Fulfilment, an indirect wholly-owned subsidiary of the Company, entered into a legally binding Offer Letter as lessee with the Lessor in respect of the lease of Premises II for a term of four (4) years commencing from 1 July 2021 to 30 June 2025 (both days inclusive) with an option to renew for a further three (3) years for Premises I and Premises II for use as a fulfilment centre of the Group. Premises II is an additional fulfilment centre to prepare for the Group's eCommerce Business growth which forms part of the 3-year plan including fulfilment capacity expansion as announced in the Group's 2020 interim results announcement dated 27 August 2020.

Within the past 12 months, on 22 December 2020, Hong Kong TV Logistics, an indirect wholly-owned subsidiary of the Company, entered into Addendum II as lessee with the Lessor in respect of the renewal of the lease of Premises I for a term of three (3) years and twenty-one (21) days commencing from 10 June 2022 to 30 June 2025 (both days inclusive) for use as a fulfilment centre of the Group.

## **THE AGREEMENTS**

(1) The principal terms of Addendum II are set out below:

|          |  |
|----------|--|
| Date:    | 22 December 2020   |
| Parties: | (i) Mapletree, as the Lessor;<br>(ii) Hong Kong TV Logistics, an indirect wholly-owned subsidiary of the Company, as the lessee. |

Premises I: Warehouse Units 1, 2 and 3 on 9/F., Mapletree Logistics Hub Tsing Yi, 30 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong, together with 18 car park lots at 9/F and 25 car park lots on the roof floor

Usage: For use only by the Lessee as warehouse, logistics centre, freight forwarding facility, ancillary offices and for no other purpose whatsoever. In respect of the car parking spaces, for the purpose of parking cars of the type permitted only.

Term: Three (3) years and twenty-one (21) days commencing from 10 June 2022 and expiring on 30 June 2025 (both days inclusive)

Total aggregate value of consideration payable: Approximately HK\$68,731,695 in aggregate for rent payable for the term. The rent payable will be funded by internal resources of the Group.

(2) The principal terms of the Offer Letter are set out below:

Date: 15 June 2021

Parties: (iii) Mapletree, as the Lessor;  
(iv) HKTV eCommerce Fulfilment, an indirect wholly-owned subsidiary of the Company, as the lessee.

Premises II: Warehouse Units 1, 2 and 3 on 8/F., Mapletree Logistics Hub Tsing Yi, 30 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong, together with 18 car park lots at 8/F and 25 car park lots on the roof floor

Usage for Premises II: For use only by the Lessee as warehouse, logistics and, freight forwarding facility, consolidation and handling of container cargoes, loading, unloading and storage of containers in relation to the uses permitted, ancillary offices and for no other purpose whatsoever. In respect of the car parking spaces, for the purpose of parking cars of the type permitted only.

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| Term for Premises II:                           | Four (4) years commencing on 1 July 2021 and expiring on 30 June 2025 (both days inclusive), subject to an option to renew at the expiration of the term for a further term of three (3) years.                              |
| Option to Renew for Premises I:                 | Option to renew the term for Premises I for three (3) years upon expiry.   |
| Total aggregate value of consideration payable: | Approximately HK\$243,968,064 in aggregate for rent payable for the term and renewed term, assuming exercise of the option to renew for three (3) years. The rent payable will be funded by internal resources of the Group. |

### **THE RIGHT-OF-USE ASSET**

Pursuant to HKFRS 16, as a result of the entering into of the Agreements, the premises leased under the Agreements will be recognised as right-of-use assets for an amount of approximately HK\$297,721,446, which is calculated with reference to the aggregate rental payments and discounted by a discount rate.

### **INFORMATION OF THE LESSEES, THE COMPANY AND THE GROUP**

The lessee of Premises II, HKTV eCommerce Fulfilment, is an indirect wholly-owned subsidiary of the Company and its principal activities include fulfilment services in Hong Kong.

The lessee Premises I, Hong Kong TV Logistics, is an indirect wholly-owned subsidiary of the Company and its principal activities include logistics services in Hong Kong.

The principal activities of the Group are (i) the provision of multimedia production and contents distribution as well as operating a 24-hour “e-Shopping Mall” providing a “one-stop shop” platform including online shopping, delivery service and an impressive customer experience; and (ii) the provision of technology on an integrated end-to-end eCommerce solution including hardware and software systems as a service aiming to enable traditional supermarkets or retailers locally and globally to enter into digital retailing successfully.

### **INFORMATION OF THE LESSOR**

Mapletree is the Lessor of the Premises. The Lessor is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.

## **REASONS OF AND BENEFITS FOR THE AGREEMENTS**

One of the principal activities of the Group is operating a 24-hour "e-Shopping Mall" providing a "one-stop shop" platform including online shopping and delivery service (the "eCommerce Business"), and fulfilment capacity is one of the core pillars for its success which requires multiple fulfilment centres for the installation of automated fulfilment systems for day-to-day operation capacity and efficiency and to better serve customers in different districts in Hong Kong. Considering one of the existing lease agreements for the Group's fulfilment centre will expire with no renewal option and the benefit of collocated operation, the entering into the Agreements will secure a sizeable and long term fulfilment and logistics centre to cope with the future growth of the Group's eCommerce Business, with Premises II forming an additional fulfilment centre of the Group which forms part of the Group's 3-year plan including fulfilment capacity expansion as announced in the Group's 2020 interim results announcement dated 27 August 2020. As such, the Directors consider that the location and size of Premises I and Premises II are suitable for the operations and expansion needs of the Group.

The terms of the Agreements were determined after arm's length negotiations between the Lessor and the Lessees, after taking into consideration the prevailing market price for comparable premises in the vicinity of Premises I and Premises II. Therefore, the Directors consider that the terms of the Agreements are fair and reasonable and entering into the Agreements is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of (i) the Offer Letter in respect of the lease of Premises II and the renewal option for Premises I and Premises II; and (ii) Addendum II in respect of the renewal of the lease of Premises I, as lessees will require the Group to recognise the right-of-use asset in the consolidated financial statements of the Company, and thus the entering into of the Offer Letter and Addendum II, respectively, and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group in accordance with the Listing Rules.

As the transactions under the Agreements were entered into between subsidiaries of the Company with the same Lessor within a 12-month period, according to Rule 14.22 of the Listing Rules, the transactions contemplated thereunder shall be aggregated and treated as if they were one transaction. All of the applicable percentage ratios in respect of Addendum II entered into on 22 December 2020 is less than 5% while the highest applicable percentage ratio in respect of the Offer Letter is higher than 5% but lower than 25%. Moreover, as the highest applicable percentage ratio upon aggregation of the Agreements is higher than 5% but also lower than 25%, the transactions contemplated thereunder, when aggregated, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

|                                |  |
|--------------------------------|--|
| “Addendum II”                  | Addendum II dated 22 December 2020 entered into between the Lessor and Hong Kong TV Logistics in relation to Premises I;   |
| “Agreements”                   | the Offer Letter and Addendum II;  |
| “Board”                        | the board of Directors;  |
| “Company”                      | Hong Kong Television Network Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1137);           |
| “connected person(s)”          | has the meaning ascribed to it under the Listing Rules;  |
| “Director(s)”                  | director(s) of the Company;  |
| “Group”                        | the Company and its subsidiaries;  |
| “HKFRS”                        | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;   |
| “HKTV eCommerce Fulfilment”    | HKTV eCommerce Fulfilment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;      |
| “Hong Kong TV Logistics”       | Hong Kong TV Logistics Network Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement; |
| “Independent Third Party(ies)” | a party independent of and not connected with the Company and its connected persons;   |

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| “Listing Rules”             | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;   |
| “Mapletree” or the “Lessor” | Mapletree TY (HKSAR) Limited, a company incorporated in Hong Kong with limited liability;   |
| “Offer Letter”              | Offer Letter dated 15 June 2021 entered into between the Lessor and HKTV eCommerce Fulfilment in relation to Premises I and Premises II;  |
| “Premises I”                | Warehouse Units 1, 2 and 3 on 9/F., Mapletree Logistics Hub Tsing Yi, 30 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong, together with 18 car park lots at 9/F and 25 car park lots on the roof floor; |
| “Premises II”               | Warehouse Units 1, 2 and 3 on 8/F., Mapletree Logistics Hub Tsing Yi, 30 Tsing Yi Road, Tsing Yi, New Territories, Hong Kong, together with 18 car park lots at 8/F and 25 car park lots on the roof floor; |
| “Shareholder(s)”            | holder(s) of the share(s) of the Company;   |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited.  |

By Order of the Board  
**Hong Kong Television Network Limited**  
**Cheung Chi Kin, Paul**  
*Chairman*

Hong Kong, 15 June 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Cheung Chi Kin, Paul (Chairman), Mr. Wong Wai Kay, Ricky (Vice Chairman and Group Chief Executive Officer), Ms. Wong Nga Lai, Alice (Group Chief Financial Officer), Mr. Lau Chi Kong (Chief Executive Officer (International Business)) and Ms. Zhou Huijing (Chief Executive Officer (Hong Kong)) and the independent non-executive Directors of the Company are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.*