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

(根據公司條例於香港註冊成立之有限公司)
 (股份代號：1137)

Business Update
and
Unaudited Operational Information for January 2020

The board of directors (the “**Board**”) of Hong Kong Television Network Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce certain business update of the Group and unaudited operational information for January 2020 in view of the recent market conditions.

The Group experienced a continued surge in Gross Merchandise Value (“GMV”) on Order Intakeⁱ and also Average Daily Order Numbers on its online shopping platform and offline business in January 2020 and to date. The unaudited operational information for January 2020 is summarized as below:

	In the month of			Change in Percentage (%)	
	January 2020	December 2019	January 2019	January 2020 vs December 2019	January 2020 vs January 2019
Average daily order number (rounded to the nearest hundred)	22,400	18,700	13,600	19.8%	64.7%
Average order value (rounded to the nearest dollar)	HK\$488	HK\$467	HK\$536	4.5%	(9.0%)
Average Daily GMV on Order Intake ⁱ (rounded to the nearest hundred thousand)	HK\$10.9 million	HK\$8.7 Million	HK\$7.3 million	25.3%	49.3%
Monthly GMV on Order Intake ⁱ (rounded to the nearest million)	HK\$338 million	HK\$271 million	HK\$226 million	24.7%	49.6%

Number of unique devices landing on product details page or performing search at HKTVmall and/or HoKoBuy ⁱⁱ (rounded to the nearest thousand)

	In the month of		
	January 2020ⁱⁱⁱ	December 2019	January 2019
	2,033,000	1,668,000	1,512,000

Number of unique customers who made purchases at HKTVmall and/or HoKoBuy (rounded to the nearest thousand)

	In the month of		
	January 2020^{iv}	December 2019	January 2019
	292,000	266,000	214,000

The Group considers the surge in business volume may be due to the growth momentum brought forward from 2019 and the people in Hong Kong is less desirous to go to crowded locations under the current circumstances and hence have switched their shopping needs and increased their purchase frequency to online platforms including HKTVmall.

In view of the unexpected surge in traffic and number of order intake in January 2020 and to-date, our customers have experienced long loading times and difficulties in checking-out when popular products are launched, and prolonged order delivery or pickup lead times at HKTVmall. In order to improve the condition, the management of the Group has performed a review on our existing resources allocation and fulfillment facilities, and we will be adopting certain measures over the next few weeks to improve the customer experience, which include the following:

1. Building a separate “purchase by invitation” platform to direct the heavy user traffic flow on popular products, such as personal health items, away from the HKTVmall platform. Customers would need to pre-register for each popular product offered at this new platform and based on the available stock level, a unique code will be allocated on a random basis for inputting to HKTVmall for purchase.
2. Categorising the customer base of HKTVmall into several different classes of customers whose purchase will be prioritised based on historical purchasing value and behaviour so as to improve the processing time and check-out process.
3. Aided by the automated picking and sorting system, in order to ease the warehouse picking and packing resources, the Group is working on increasing additional work shifts and also strengthening the partnership with existing

merchants and recruitment of new merchants to increase the proportion of purchases from our merchants.

4. Partnering with certain reputable retail chain stores to expand our order pick-up network so as to increase the geographic convenience and available pick-up time slots for customers. At the moment, the Group has already added seven (7) pick-up points from Foodwise, one of our existing merchants to the pick-up network, and more retail chain stores are expected to join hands with us to enable pick-up of HKTVmall orders at their selected outlets.
5. Expanding our delivery fleet capacity by gearing up outsourced logistics resources, including third party logistics companies and individuals, to increase the door-to-door fulfilment capacity so as to ease the prolonged delivery lead time.

Furthermore, based on the business activities to-date, the growth momentum has accelerated in the first nine (9) days of February and so has the operating conditions, as compared to the corresponding period in January 2020, and hence the Board expects the growth momentum will continue in the full month of February 2020. While the Board will continue to assess the sustainability of the business growth, we will closely monitor the business development over time and use our best efforts to adjust and devise our operational measures to cope with the change in business volume and activities.

The Board wishes to remind shareholders and potential investors of the securities of the Company that the above information is unaudited and is based on preliminary internal information of the Group, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or half-yearly basis due to various uncertainties during the process of collating such sales information.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information and are advised to exercise caution in dealing in the Company's securities.

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

Hong Kong, 10 February 2020

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 Chief Executive Officer), Ms. Wong Nga Lai, Alice (Chief Financial Officer), Mr. Lau Chi Kong (Chief Operating Officer) and Ms. Zhou Huijing (Managing Director of Shopping and eCommerce) and the independent non-executive Directors are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.

Notes:

- i 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 discount offered by the marketplace, rebate used, cancellation and returns of merchandise sold.
- ii Data on unique device is extracted from our internal system and rounded to the nearest thousand. The data is collected based on the tracking cookies for web browser and the device advertising ID for app, which could be overlapping if (a) same device is used to browse the online shopping web-page through different browsers; (b) same device is used to open online shopping app and to browse online shopping web-page; and (c) the user amends the advertising ID of its device. These 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.
- iii From 1st January 2020 onwards, this figure only represents the number of unique devices landing on product details page or performing search at HKTVmall as the user traffic and transaction of HoKoBuy has been redirected to HKTVmall.
- iv From 1st January 2020 onwards, this figure only represents the number of unique customers who made purchases at HKTVmall as the user traffic and transaction of HoKoBuy has been redirected to HKTVmall.