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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)**

## **POSITIVE PROFIT ALERT**

This announcement is made by Hong Kong Television Network Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2020 and the information currently available to the Board, the Group is expected to record an unaudited profit attributable to Shareholders for the six months ending 30 June 2020 of not less than HK\$90 million (excluding government subsidies of approximately HK\$16.3 million expected to be recognized in the six months ending 30 June 2020 under the Employment Support Scheme and other subsidies under the Government’s Anti-epidemic Fund), as compared with an unaudited loss attributable to Shareholders for the corresponding period in 2019 of HK\$155.4 million. This is the first turnaround to profit after the Group suffered accumulated losses attributable to Shareholders of HK\$1,697.6 million from 2015 to 2019 since the grand launch of our eCommerce business.

The Board considers that the expected turnaround from unaudited loss attributable to Shareholders to unaudited profit attributable to Shareholders was mainly due to the following factors:

- (i) the growth momentum brought forward from the upward trend in sales performance in 2019 as a result of the continuous effort on offline-to-online customer conversion and also the shift towards online purchase on increasing product categories and purchase frequency;
- (ii) the increase in total gross profit margin and blended commission rate and the decrease in fulfillment cost as a percentage of Gross Merchandise Value (“GMV”) on completed orders<sup>1</sup> due to the growth in business volume; and
- (iii) the surge in online traffic and business volume for the Group under the COVID-19 pandemic which further enhanced the sales performance in the five months ended 31 May 2020.

Nevertheless, the Board considers that the Group’s business growth and financial performance sustainability in the second half of 2020 remains uncertain due to the following factors:

- (i) the risks brought on by the China-United States Trade War, the COVID-19 pandemic and the uncertain consumer sentiment resulting from the local political and economical environment; and
- (ii) around 60% of the Group’s GMV on completed orders is from non-groceries product categories, such as beauty and health, digital and electronics, housewares and household, etc. which is highly sensitive to the risks referred to in (i) above.

**The information contained in this announcement is only based on a preliminary assessment by the Board of the information currently available to it, including the unaudited consolidated management accounts of the Company for the five months ended 31 May 2020, which have not been audited nor reviewed by the Company’s auditors. As such, the information may differ from figures to be disclosed in the unaudited consolidated financial statements to be published by the Company for the six months ending 30 June 2020. Shareholders and potential investors are advised to refer to the details in the announcement of the Company for the interim results for the six months ending 30 June 2020, which is expected to be published by the end of August 2020.**

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<sup>1</sup> Gross Merchandise Value (“GMV”) on completed orders represents the total gross sales dollar value for merchandise sold through a particular marketplace and the customer has obtained control of the promised goods and services ordered over a certain time frame, after deduction of any discounts offered by the marketplace, cancellation and returns of merchandise, and is before the deduction of certain HKTVmall dollars and promotional coupon which is considered as advertising and marketing expenses under management reporting purpose.

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

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

Hong Kong, 30 June 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 of the Company are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.*