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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)*

- (1) Solution Business Update**
- (2) eCommerce Business Unaudited Operational Information for December 2020**
- (3) eCommerce Business Unaudited FY2020 Business Target Achievement**
- (4) eCommerce Business Update and FY2021 Business Target**

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, unaudited operational information for December 2020 and FY2021 business target of the Group.

**(1) Solution Business Update**

Further to the Group’s 2020 interim results announcement on 27 August 2020, the Group has set up another business – Shoalter Technology Limited (“**Shoalter**”) – a wholly owned subsidiary of the Group and a technology provider on eCommerce solution aiming to enable any traditional supermarkets or retailers locally and globally to enter into digital retailing successfully.

**Recent Development – a Big Step Forward**

- a. In October 2020, apart from the Hong Kong R&D centre, Shoalter has set up its first overseas R&D centre in Taiwan and continues the hiring of software engineers, mechanical and automation engineers and data scientists to support the development of the Solution Business. Shoalter is also exploring the set-up of additional development centre(s) and international sales office(s) in South East Asia and Europe.
- b. In December 2020, Shoalter has entered into a definitive eCommerce solution agreement with a retail group in Hong Kong. Shoalter will provide

the hardware and software system as a service to the retail group to support the set-up of its online shopping mall, which is expected to be launched in mid-2021. Shoalter is also in discussion with a few local and international supermarket and retail operators exploring co-operation opportunities in Hong Kong and overseas.

### **From a Local Operator to a Global Technology Enabler**

Locally, HKTVmall has become the dominant and largest online shopping mall in Hong Kong. Nevertheless, to accelerate the digitalization of the retail industry as well as the offline-to-online (“O2O”) consumer conversion in Hong Kong, “competition” from committed and diversified local-based online platforms are essential.

In this regard, Shoalter will offer its self-developed and integrated end-to-end eCommerce solution to support and enable the development of 2 – 3 more online shopping malls in Hong Kong. In return, Shoalter will charge a one-time implementation fee, annual charges and turnover commission throughout the contract period. We believe all these online shopping mall partners will be the market leaders in their specific sectors, complementing HKTVmall’s leading position in the online grocery sector.

The Group expects the experience and knowhow on building and operating the successful showcase – HKTVmall – in the past 6 years will bring to local and global supermarket and retail operators tremendous eCommerce technological innovation and economic value in the shortest timeframe.

### **(2) eCommerce Business - The unaudited operational information of online shopping platform(s) and offline business for December 2020 is summarized as below:**

	In the month of			Change in Percentage	
	December 2020	November 2020	December 2019	December 2020 vs November 2020	December 2020 vs December 2019
Average daily order number (rounded to the nearest hundred)	36,300	34,900	18,700	4.0%	94.1%
Average order value (rounded to the nearest dollar)	HK\$508	HK\$468	HK\$467	8.5%	8.8%
Average Daily Gross Merchandise Value (“GMV”) on Order Intake <sup>i</sup> (rounded to the nearest hundred thousand)	HK\$18.4 million	HK\$16.3 million	HK\$8.7 million	12.9%	111.5%
Monthly GMV on Order Intake <sup>i</sup> (rounded to the nearest million)	HK\$571 million	HK\$490 million	HK\$271 million	16.5%	110.7%

	In the month of		
	December 2020	November 2020	December 2019 <sup>ii</sup>
Number of unique customers who made purchases at HKTVmall (rounded to the nearest thousand)	417,000	412,000	266,000
	In the month of		
	December 2020	November 2020	December 2019
Monthly Active Users <sup>iii</sup> (rounded to the nearest thousand)			
App only:	1,450,000	1,435,000	905,000

### (3) eCommerce Business Target Achievement for the year ended 31 December 2020 (“FY2020”) (unaudited)

	Achievement for FY2020	Revised Target <sup>iv</sup> for FY2020
Annual GMV on Order Intake <sup>i</sup> (rounded to the nearest ten million)	HK\$5.95 billion	HK\$5.55 billion–HK\$5.75 billion

Other than the achievement on GMV on Order Intake, the Group also had significant growth on the number of unique customers during FY2020, as below:

	FY2020	FY2019 <sup>ii</sup>
Number of unique customers who made purchases at HKTVmall (rounded to the nearest thousand)	1,107,000	823,000

### (4) eCommerce Business Update and Business Target for the year ending 31 December 2021 (“FY2021”)

#### **Business Update**

2020 was a challenging year for Hong Kong people and most of the industries in Hong Kong. COVID-19 pandemic has pushed the acceleration of consumer behavioral change and we expect the prolonged O2O conversion window brought forward from 2020 will solidify the repeated purchase pattern and turn consumers into “real” online shoppers.

“Always Something New” is the motto at HKTVmall, in particular to digitize consumers’ every aspect in life. While it has become the most popular local-based online shopping platform in Hong Kong, in 2021, HKTVmall will continue to strengthen its dominant position to go beyond “shopping” by continuously developing and launching different eCommerce enrichments, so as to complete the final stage of turning HKTVmall from an Online Shopping Mall to a Digital Ecosystem, such as the below:

- a. Open Data Bank
- b. 1-hour delivery option
- c. In-app up to 100 live shopping channels to launch by phase
- d. Dynamic landing page
- e. Pre-owned goods marketplace
- f. Overseas shipment

The above technical enrichments will further enhance the stickiness and bonding between consumers, merchants and suppliers, and HKTVmall. Our strong technological capability is the core competitive edge to building and maintaining recurring traffic and customer purchases at HKTVmall.

In 2020, we started to open up certain advertising spaces and formats on the HKTVmall website and App for a new revenue stream on digital advertising. We aim to educate and convert merchants to use data to drive sales. In 2021, we are starting to harvest! As an early bird offer for the 2021 digital advertising plan launched since October 2020, we have already received advertising fee commitment of more than HK\$50 million which is about 3 times the advertising fee as compared with the full year of 2020. The launch of Open Data Bank will facilitate advertising agencies and brand owners on customer journey analysis and to target the right customer groups for digital advertising. Moreover, the launch of live shopping channels will further drive the monetisation on this high margin digital advertising business.

### **FY2021 Business Target**

For FY2021, the Board has set its targeted annual GMV on Order Intake<sup>1</sup> for the Group's eCommerce business at HK\$6.6 billion to \$7.0 billion, representing a year-on-year growth of 11% - 18%, subject to the development of the current COVID-19 pandemic and global economic condition.

Overall, with the mission of “one system, multiple malls in multiple countries”, we envisage to bring the Group, HKTVmall and Shoalter to go beyond the geographical boundaries in order to compete with the eCommerce giants globally.

**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. All sales targets mentioned above may or may not be successfully achieved and all initiatives mentioned above may or may not proceed due to various commercial,**

**technical or regulatory issues related to the initiatives. Consequently, related business plans may need to change accordingly from time to time.**

**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, 3 January 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.*

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*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. This figure represents the number of unique customers who made purchases at HKTVmall and/or HoKoBuy. Effective from 1<sup>st</sup> January 2020, the user traffic and transaction of HoKoBuy has been redirected to HKTVmall.
- iii. Monthly active user data is extracted from Google Analytics and rounded to the nearest thousand, the computation method and basis of which have not been verified. The data for App Only users could be overlapping if the user re-installs the HKTVmall App on the same device or amends the advertising ID of its device in the same month.  
The information for the same period can be changed at different points of time when capturing the data as Google Analytics performs the analysis on a sampling basis. According to Google Analytics, "Active User" is defined as the unique user who initiated sessions on the website or App within the selected date range.
- iv. Please refer to the Company's announcement dated 27 August 2020 for details on the revision of the FY2020 business target.