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Hong Kong Technology Venture Company Limited
香港科技探索有限公司

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

Business Update
and
Unaudited Operational Information for February 2022

The board of directors (the “**Board**”) of Hong Kong Technology Venture Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce certain business update and the Group’s unaudited operational information for February 2022.

(1) eCommerce Business Update

Operational Performance

By capturing the consumption upside aroused from the fifth wave of COVID-19 pandemic, HKTVmall attained another record high sales performance in February 2022:

- a. Gross Merchandise Value (“GMV”) on Order Intakeⁱ reached HK\$854.0 million, represented a substantial growth of 87.3% versus February 2021 and 22.2% versus January 2022.
- b. Average daily GMV on Order Intake reached HK\$30.5 million, also represented a substantial growth of 87.1% versus February 2021 and 35.6% versus January 2022.
- c. Average daily order number reached 59,300 orders, increased by 77.0% and 25.1% versus February 2021 and January 2022, respectively. Moreover, subsequent to Chinese New Year holiday, we even received approximately 100,000 orders on each VIP day.

The Group believes that the increasing online momentum will drive some of our customers shifting their shopping behaviour from offline to online on permanent basis.

Operational Impact from COVID-19 Pandemic

The sales performance of HKTVmall has been growing rapidly since the beginning of 2022 and on month-to-month basis, the average daily GMV on order intake achieved a growth by 14.2% in January 2022 and 35.6% in February 2022. Nevertheless, given the serious deterioration of COVID-19 situation in Hong Kong with tens of thousands of COVID-19 tested positive cases recorded daily, there are increasing retail or consumer product operators which either shorten their operating hours or suspend their store operation. Under this condition, HKTVmall is also facing unprecedented operating challenges on order fulfilment:

- a. Our frontline manpower is inevitably impacted. Currently, we have over 20.0% of our frontline Talents under quarantine due to them or their close contact having been tested positive for COVID-19.
- b. Some of our business partners including merchants, suppliers and third-party logistics operators also face serious shortage in manpower or products causing difficulty in fulfilling customer ordered product items.

As a result of the above factors, the fulfilment lead time for customer order delivery is prolonged seriously and increasing product or customer order cancellation was observed when the pandemic is getting more serious. For GMV on order intake in February 2022, up to 3 March 2022, the overall cancellation rate reached approximately 2.5%, and if the pandemic condition continues to deteriorate and further affect HKTVmall and its business partners' operation, we expect the ratio will further increase.

We express our sincere apology to the affected customers, and HKTVmall continues to look into different measures aiming to mitigate the impact to our customers. Certain key measures are implemented so far as below:

- a. To make up the manpower shortage, actively recruiting the unemployed workforce or those under temporary no-pay arrangement to become our drivers, couriers, warehouse assistants or O2O shop assistants by offering competitive daily rate. During the period from 28 February 2022 to 3 March 2022, together with the full time hiring, we have successfully hired or on board approximately 17.0% of the frontline workforce.

- b. To ease the frontline pressure, inviting our back office talents to stand in the administrative and supervising roles for our fulfilment and O2O shop functions.
- c. To increase fulfilment capacity, engaging third-party business partners from catering and restaurant sectors to be additional customer pick-up points on short-term basis, with guaranteed income.

However, considering the continuous severity of the fifth wave of the epidemic, even though various measures are adopted by us, unavoidably, we still do not expect we can resume our frontline manpower to normal level in a short period of time and our business partners are still facing challenges to improve the current difficult conditions, let alone the impact from the possible implementation of Compulsory Universal Testing scheme and lock down measures in Hong Kong.

In this regard, unavoidably, we will need to postpone our plan to achieve the last mile pledge as set at the outset of 2022. In particular, for Phase 1 which was originally targeted to launch in or around March 2022, aiming to enhance the capacity to enable 90.0% to 95.0% delivery orders to meet the “2 days delivery” target, will need to postpone. We shall review the plan and the timeline after our fulfilment capacity and our business partners’ operation is stably resumed to normal.

But still, we wish the above initiatives could enable HKTVmall serving as many customer orders as possible, but if order cancellation is not avoidable, we will notify the affected customers as soon as practicably possible.

(2) The unaudited operational information of the Group’s eCommerce business including online shopping platform and offline business (excluding the sales of HKTVmall cash vouchers) for February 2022 is summarised as below:

	In the month of			Change in Percentage	
	February 2022	January 2022	February 2021	February 2022 vs January 2022	February 2022 vs February 2021
Average daily order number (rounded to the nearest hundred)	59,300	47,400	33,500	25.1%	77.0%
Average order value (rounded to the nearest dollar)	HK\$515	HK\$476	HK\$486	8.2%	6.0%
Average Daily GMV on Order Intake ⁱ (rounded to the nearest hundred thousand)	HK\$30.5 million	HK\$22.5 million	HK\$16.3 million	35.6%	87.1%

Monthly GMV on Order Intake ⁱ (rounded to the nearest million)	HK\$854 million	HK\$699 million	HK\$456 million	22.2%	87.3%
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	In the month of		
	February 2022	January 2022	February 2021
Number of unique customers who made purchases at HKTVmall (rounded to the nearest thousand)	582,000	544,000	382,000

	In the month of		
	February 2022	January 2022	February 2021
Monthly Active App Users ⁱⁱ (rounded to the nearest thousand)	1,654,000	1,558,000	1,353,000

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 Technology Venture Company Limited
Cheung Chi Kin, Paul
Chairman

Hong Kong, 4 March 2022

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.

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. Monthly active App user data is extracted from Google Analytics and rounded to the nearest thousand, the computation method and basis of which have not been verified. In general, the data for App users could be overlapping if the user re-installs HKTVmall Main App or Lite App on the same device or amends the advertising ID of its device, or uses multiple devices, or uses both HKTVmall Main App and Lite App 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 App within the selected date range.