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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)

**(1) FY2022 Business Update**  
**(2) eCommerce Business Unaudited Operational Information**  
**for December 2021**  
**(3) eCommerce Business Unaudited FY2021 Business**  
**Target Achievement**

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 for FY2022, unaudited operational information for December 2021 and FY2021 business target achievement of the Group.

**(1) FY2022 Business Update**

**Growth Mode and Innovation**

According to the retail sales survey published by the Government for the period from January to November 2021, Hong Kong’s online retail value only attributed to approximately 7.0 – 8.0% of the total retail value<sup>i</sup>. Relative to other peer markets in the Asia Pacific region, we consider there is still a large room for growth on the online shopping segment in Hong Kong. In this regard, the Group will dedicate its energy and resources on “Growth” mode focusing on business and market share growth. In particular, our core mid-term targets in the next 3 – 5 years are as below:

1. We target to generate a Gross Merchandise Value (“**GMV**”) on Order Intake<sup>ii</sup> of HK\$12.0 to HK\$15.0 billion in Hong Kong from the platforms powered by Shoalter eCommerce solution, currently including HKTVMall and EESE.

2. After achieving GMV on Order Intake of HK\$12.0 billion, and with the new enhancement on fulfilment facilities being established, we aim to control the fulfilment operating costs to below 10.0% of GMV.

To achieve the target of doubling the GMV on Order Intake and to lower the fulfilment cost percentage, we need to start investing today for various short-term objectives, new initiatives, and long-term visionary strategic projects, which either will be implemented in 2022 or is under the development pipeline. Furthermore, the Group shall continue to exploit its technology DNA for new business opportunities to extend HKTV Group's foothold globally. The first self-invented project is our Automated Retail Store and System, planning to launch in the third quarter of 2022 in Manchester, United Kingdom.

The investment costs for the captioned initiatives and projects will lower our short-term profitability, but they are important to prepare for long term growth capacity and capability for better shareholders' return in long run.

**(a) eCommerce Business**

**Last mile service pledge**

HKTVmall's last mile delivery schedule has been set up for a few years. Our initial target is to deliver the order to customer next day if the order is placed and confirmed at or before 9am. However, due to uneven order distribution during the week and the target to push for higher profit margin, we controlled the fulfilment cost tightly, as a result of this, only approximate 35.0%<sup>iii</sup> delivery orders met our "2 days delivery" target.

To accelerate the online shopping business growth, we understand that one of the core elements is to satisfy customer needs in short timeframe. Hence, in 2022, we will invest to enhance our fulfilment capacity.

- Phase 1: In the first half of 2022, we will invest additional \$5.0 million per month aiming to enhance the capacity to enable 90.0% to 95.0% delivery orders to meet the "2 days delivery" target. Moreover, we will further push the order cut-off time from 9am to 1pm, i.e., for orders confirmed by 1pm today, they will be delivered tomorrow. This phase is targeted to launch in or around March 2022.
- Phase 2: In the second half of 2022, we plan to enlarge our fulfilment facilities by an additional floor area of 150,000 to 250,000 square feet for provisioning of 3<sup>rd</sup> party logistics service. The top 85% merchant products (estimated to be approximately 150,000 sku) will be stored and

picked in HKTVmall automated fulfilment center upon customer order placement. Merchants will pay the storage fee, picking and packing charge on cost plus basis. This arrangement will further enhance the service level to our customers, i.e., for orders confirmed by mid night, they will be delivered in the next morning.

With the above better customer experience, we believe that the consumer purchasing behaviours will be changed fundamentally, which is expected to drive HKTVmall's business growth and penetration to the consumer market, as well as the entire eCommerce development at HKTV Group.

### **Increase Consumer Propensity to HKTVmall**

In 2021, HKTVmall had 1,287,000 unique customers which represents a penetration rate of approximately 22.6% of the 2021 mid-year Hong Kong Population aged between 20 – 74<sup>iv</sup>, and a net addition of 180,000 unique customers in 2021.

In 2022, we plan to spend a similar magnitude of marketing and promotional resources as 2021 in order to aggressively drive consumer conversion from offline to online in terms of customer numbers, frequency of purchases and product categories so as to reach the target on GMV on Order Intake, and to continue our dominant and leading role in Hong Kong's online shopping market.

### **FY2022 Business Target**

For FY2022, subject to the development of the current COVID-19 pandemic and global economic condition, the Board has set the below key performance targets on Hong Kong eCommerce Business after considering the additional resources planned for last mile service pledge, marketing and promotional budget and market share expansion:

1. Annual GMV on Order Intake for HKTVmall at HK\$7.5 billion to HK\$8.0 billion, representing a year-on-year growth of 14.2% - 21.8%;
2. Multimedia advertising income of approximately HK\$120.0 million. With an early bird offer launched in September 2021, advertising fee commitments of approximately HK\$90.0 million has been received by end of December 2021;
3. Not less than HK\$50.0 million adjusted EBITDA profit after accounting for the additional costs planned for marketing and promotional purposes,

and implementing Phase 1 and Phase 2 of last mile service pledge mentioned above.

**(b) Technology Business**

New business venture on self-invented Automated Retail Store and System has confirmed its first launch location in Manchester of United Kingdom. With the objective to use technology for better living, the new venture is now under local set-up remotely while the Hong Kong and UK engineering team is working to further enhance the machine design and to prepare for mass production facility.

However, in view of the continued uncertainties caused by the COVID-19 pandemic particularly on the travel and quarantine restrictions in the foreseeable future, and in consideration of our talents' safety, the pilot launch of the first 2 -3 Automated Retail Store and System is expected to delay to the third quarter and the fourth quarter of 2022.

Nevertheless, the project team is in full force to set up the local operation including the set-up of office and workshop, brand and store positioning, recruitment of engineering, business and support teams, sourcing and importing materials, parts and tools for assembling the machinery, etc.. And we are pleased to share a video visualising the concept and purposes of our Automated Retail Store and System as below:

<https://www.youtube.com/watch?v=FTVTSf1a6NM>

To summarise, 2022 will be a year for growth and new venture at HKTV Group. As long as it is commercially viable, we will devote our largest effort to continue dominating and leading the Hong Kong online shopping mall market. In the meantime, for long term sustainable development, we also use our strength on innovation and technology to try on different research and development initiatives so as to bring new opportunities to the Group. We do not know if any initiatives will come to succeed or not, but we know we are going to fail one day if not pursuing for any new development. Doing something new for a sustainable and enduring future is HKTV's DNA, just like what we did in the past 30 years' history.

**(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 December 2021 is summarised as below:**

	In the month of			Change in Percentage	
	December 2021	November 2021	December 2020	December 2021 vs November 2021	December 2021 vs December 2020
Average daily order number (rounded to the nearest hundred)	41,400	44,000	36,300	(5.9%)	14.0%
Average order value (rounded to the nearest dollar)	HK\$476	HK\$437	HK\$508	8.9%	(6.3%)
Average Daily GMV on Order Intake <sup>ii</sup> (rounded to the nearest hundred thousand)	HK\$19.7 million	HK\$19.3 million	HK\$18.4 million	2.1%	7.1%
Monthly GMV on Order Intake <sup>ii</sup> (rounded to the nearest million)	HK\$611 million	HK\$577 million	HK\$571 million	5.9%	7.0%

	In the month of		
	December 2021	November 2021	December 2020
Number of unique customers who made purchases at HKTVmall (rounded to the nearest thousand)	500,000	496,000	417,000

  

	In the month of		
	December 2021	November 2021	December 2020
Monthly Active Users <sup>v</sup> (rounded to the nearest thousand)			
App only:	1,457,000	1,451,000	1,450,000

### (3) eCommerce Business Target Achievement for the year ended 31 December 2021 (“FY2021”) (unaudited)

	Achievement for FY2021	Target for FY2021
Annual GMV on Order Intake <sup>ii</sup> (rounded to the nearest ten million)	HK\$ 6.57 billion	HK\$6.60 billion–HK\$7.00 billion

The GMV on Order Intake for FY2021 is concluded marginally at the low end of the Target given the slow recovery and the fierce competition in the Hong Kong retail sector. Nevertheless, the aggressive marketing and promotional campaigns conducted during FY2021 has brought a significant net growth of 180,000 unique customers to HKTVmall during the year, as summarised below:

	FY2021	FY2020
Number of unique customers who made purchases at HKTVmall (rounded to the nearest thousand)	1,287,000	1,107,000

**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, 10 January 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.*

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*Notes:*

- i Source: Report on Monthly Survey of Retail Sales, November 2021 as published by the Census and Statistics Department, The Government of Hong Kong Special Administrative Region ([https://www.censtatd.gov.hk/en/data/stat\\_report/product/B1080003/att/B10800032021MM11B0100.pdf](https://www.censtatd.gov.hk/en/data/stat_report/product/B1080003/att/B10800032021MM11B0100.pdf))
- ii 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.
- iii For the month of December 2021 based on internal system
- iv Source: Population by Sex and Age Group as published by the Census and Statistics Department, The Government of Hong Kong Special Administrative Region ([https://www.censtatd.gov.hk/en/web\\_table.html?id=1A](https://www.censtatd.gov.hk/en/web_table.html?id=1A))
- v 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. In general, 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, or uses multiple devices, or uses HKTVmall Main App and Lite App (collectively “HKTVmall 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.