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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)

PROFIT WARNING
FOR THE YEAR ENDING 31 DECEMBER 2021

This announcement is made by Hong Kong Technology Venture Company 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, while on HKTVMmall, (i) the Gross Merchandise Value (“**GMV**”) on Order Intake¹ recorded a growth of approximately 9.1% from approximately HK\$4.38 billion for the nine months ended 30 September 2020 (“**YTD September 2020**”) to approximately HK\$4.78 billion for the nine months ended 30 September 2021 (“**YTD September 2021**”); and (ii) the number of unique customers who made purchases at HKTVMmall recorded a growth of approximately 17.4% from approximately 956,000 for YTD September 2020 to approximately 1,122,000 for YTD September 2021, based on the preliminary unaudited consolidated management accounts of the Group for YTD September 2021, the unaudited profit and adjusted EBITDA² for YTD September 2021 decreased by approximately 78.5% and 57.0% respectively as compared to the unaudited profit and adjusted EBITDA of HK\$186.3 million and HK\$281.1 million respectively for YTD September 2020. In this regard, the Group is anticipating to record a significant decrease in profit and adjusted EBITDA for the year ending 31 December 2021 as compared to profit and adjusted EBITDA for the year ended 31 December 2020.

The decrease in the unaudited profit and adjusted EBITDA for YTD September 2021 was primarily attributable to the following two key factors:

1. During YTD September 2020, a one-off non-recurring government subsidies of approximately HK\$49.0 million was received while there was no similar subsidy received in YTD September 2021.
2. In view of the increased competition in the Hong Kong retail landscape caused by the disbursement of the Government's Consumption Voucher Scheme in August and October 2021, HKTVmall launched a "\$350 for \$500 eGift Voucher Program" (the "**Program**") in July 2021 in order to maintain HKTVmall's competitiveness and to capture the consumption momentum early on. The Program resulted in a total of approximately HK\$288.0 million face value eGift Vouchers being sold and utilized during July to October 2021.

The Program resulted in approximately HK\$71.7 million marketing and promotional expenses being recorded in the third quarter of 2021 ("**2021Q3**"). The net expenses related to the Program of approximately HK\$84.4 million was fully recognised during July to October 2021. The Group considers the Program as a one-off large scale marketing campaign to cope with the fierce market competition arisen from the Government's Consumption Voucher Scheme.

Benefiting from the Program, HKTVmall achieved strong growth momentum:

- a. Number of unique customers who made purchases at HKTVmall increased from approximately 730,000 in the second quarter of 2021 ("**2021Q2**") to approximately 829,000 in 2021Q3, a net increment of approximately 99,000 unique customers.
- b. GMV on Order Intake increased from approximately HK\$1.49 billion in 2021Q2 to approximately HK\$1.74 billion in 2021Q3, a substantial increase of approximately 16.8%.
- c. Based on GMV on Order Intake performance in October and November 2021 so far, the Group expects the GMV on Order Intake for the fourth quarter of 2021 to perform better than 2021Q3.

The information contained in this announcement is only based on a preliminary assessment and estimates made by the Board based on the information currently available to it, including the unaudited consolidated management accounts of the Company for the nine months ended 30 September 2021, which have not been audited nor reviewed by the Company's auditors, and has not been confirmed by the audit committee of the Company. As such, the information may differ from figures to be disclosed in the audited consolidated financial statements to be published by the Company for the year ending 31 December 2021. Shareholders and potential investors are advised to refer to the details in the announcement of the Company for the annual results for the year ending 31 December 2021, which

is expected to be published by the end of March 2022 in compliance with the Listing Rules.

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, 29 November 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.

Notes:

1. 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 discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.
2. Adjusted EBITDA means profit for the period plus interest on bank loans (excluded finance costs — interest on lease liabilities), income tax expense, depreciation of property, plant and equipment (excluded depreciation on other properties leased for own use) and amortisation of intangible assets and deduct investment returns and adjusted by major non-cash items. Adjusted EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards (“HKFRSs”). This measure does not represent, and should not be used as a substitute for, net profit or cash flows from operations as determined in accordance with HKFRSs. This measure is not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definition of this measure may not be comparable to other similarly titled measures used by other companies.