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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)

INTERIM RESULTS **FOR THE SIX MONTHS ENDED 30 JUNE 2023**

GROUP FINANCIAL HIGHLIGHT

1. The Group managed to maintain profitable in 1H2023 despite slower than anticipated recovery on Hong Kong economy in particular on supermarket sector, the impact of elevated interest rate on consumers' willingness to spend, and the significant surge in outbound travel during 1H2023:
 - a. Net profit amounted to HK\$48.7 million in 1H2023 (1H2022: HK\$127.8 million);
 - b. Adjusted EBITDA¹ at HK\$82.6 million in 1H2023 (1H2022: HK\$195.6 million);
2. Turnover recorded at HK\$1,828.6 million in 1H2023 (1H2022: HK\$1,922.1 million), including multimedia advertising income and licensing of programme rights of HK\$59.9 million (1H2022: HK\$64.8 million); and
3. Strong balance sheet with net cash and liquidity position of HK\$1,035.8 million (31 December 2022: HK\$1,050.3 million).

ECOMMERCE BUSINESS HIGHLIGHT

1. GMV on order intake² in 1H2023 of HK\$4,028.0 million, representing a decrease by 3.8% (1H2022: HK\$4,186.0 million);
2. Adjusted EBITDA as a % of GMV on completed orders at 3.7% reaching HK\$148.3 million in 1H 2023 (1H2022: 5.4% reaching HK\$222.3 million) as a result of (a) slower growth in GMV on order intake and (b) decrease in gross profit margin on direct merchandise sales to maintain online groceries competitiveness and to broaden groceries customer base for long-term conversion on multi-product categories;
3. Overall gross profit margin and blended commission rate³ for 1P and 3P Business was at 22.2% in 1H2023 (1H2022: 23.5%); and
4. During 1H2023, we had 1,229,000 unique customers who made purchases at HKTVMall, which represented a growing customer base for long term sustainable growth (1H2022: 1,107,000 unique customers).

TECHNOLOGY AND OTHER BUSINESS HIGHLIGHT

An adjusted EBITDA loss of approximately HK\$62.0 million was incurred in 1H2023 (1H2022: HK\$28.2 million). The increase in loss was mainly due to the start-up operating losses incurred for New Venture projects, while in 1H2022 certain operating expenses were incurred for a solution client which had ceased operation in July 2022.

¹ Adjusted EBITDA means profit for the period plus income tax (credit)/expense, depreciation of property, plant and equipment (excluded depreciation on other properties leased for own use), amortisation of other contract costs and amortisation of intangible assets and deduct investment returns, adjusted by major non-cash items, excluded non-recurring items including government subsidies and write-off of receivables and other contract costs, net. 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.

² 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.

³ Gross profit margin and blended commission rate is calculated before deduction of HKTVMall dollars and use of promotional coupon (if any), which is considered as advertising and marketing expenses under management reporting purpose, and include merchant annual fee amortisation and other service income.

CHAIRMEN'S STATEMENT

Dear Shareholders,

The pandemic over the past years has caused a significant blow to the global economy, while the business environment of Hong Kong is under stress with declining consumer sentiment and shrinking middle and high-end consumer groups. For the period under review, the Group managed to maintain stable growth but we still recorded a drop in profit due to decrease in gross profit margin resulted by fierce market competition despite operating expenses in various aspects were well-controlled. Bearing with too many uncertainties in the outlook, it is difficult for the management of the Group to forecast our business performance in the next two to three years.

As an industry player in “Ecommerce” and “technology exploration” in Hong Kong, the Group has been dedicated to promoting the development of Hong Kong’s online shopping industry, as well as continuously investing in various technological research and development, with the goal of “improving and popularizing quality life of human being”. Facing the daunting and rapidly changing business environment in the future, instead of being nostalgic and satisfied with our current achievements, we must be determined and keep innovating, scientific researching and investing to survive.

The pandemic began to subside in the first half of 2023, and the society has gradually returned to normal. According to the analysis of the Group’s sales data, online consumers in Hong Kong keep shopping online instead of switching back to making purchases in physical stores. Consumers’ progressive shift from offline to online consumption is an irresistible trend which is also irreversible. The Group is expanding approximately 144,000 square feet third-party logistics fulfilment centre in Tsing Yi, and the automated fulfilment centre at Tseung Kwan O headquarters is also expanding for tens of thousands of square feet, which will be completed this year. In addition, an extra of approximately 200,000 square feet at Tseung Kwan O headquarters will be set up in the next three years. We will continuously set up technology research and development centres in overseas. Grounding on our consolidated foundation in Hong Kong, we eye on international markets to expand the Group’s businesses further, thus creating more extensive and long-term stable income sources.

In the coming few years, those engaging in retail or other businesses in Hong Kong will encounter the following issues:

- (1) The decrease in the number of middle and high-end consumers
- (2) The consumers' tendency on shopping overseas or online
- (3) The decrease in consumers' night-out time
- (4) The difficulty in recruiting staff at all levels

Being a mere commercial organization, we are unable to alter the above social circumstances. What we can change is to change our business model to adapt to environmental changes.

HKTVMall/HKTVshops/Wet Market Express — Unique & Comprehensive Ecommerce Model

The number of consumers shopping on HKTVMall and the number of retailers operating on HKTVMall are, like chicken-and-egg, interrelated issues. In the past few years, online shopping in Hong Kong was in its infancy, and we implemented relatively strict requirements for all merchants to ensure the quality of online shopping services. Merchants have to meet certain standards, such as our delivery time, operations on Saturdays, Sundays and even public holidays, accurate product information descriptions, product inventory supply, etc., before they can launch on HKTVMall.

The birth of HKTVshops is to provide a more flexible model for more companies and merchants, regardless of size, international or local brands, to operate on HKTVMall. HKTVshops will help consolidate HKTVMall as Hong Kong's retail hub, providing consumers with a one-stop-shop and all-rounded "gathering point".

HKTVLive video sales, ShareHub social platform, and GroupChat are three of the sales tools we have developed for merchants. HKTVLive makes good use of stores' idle time or non-business hours in the evenings, such as 11 am to 2 pm and after 8 pm, for sales and promotions when consumers are at work or home. ShareHub is a social platform that allows merchants, consumers, influencers and content creators to participate, and exchange experiences and opinions. GroupChat allows consumers to stay in close and instant contact with retailers 24 hours a day.

Our development direction is not limited to “dry goods”. We hope to provide services to consumers no matter in supermarkets or wet markets. Therefore, HKTVmall’s new service — “Wet Market Express” — provides purchase and selection services across Hong Kong, with delivery coverage reaching about 91.5% of HKTVmall existing customer base, delivering fresh groceries from wet markets within three hours.

Currently, about 10,000 supermarket products are available for same-day delivery service within 8 hours. To cater for the change in consumption patterns, we offer third-party logistics services for HKTVmall merchants. Together with Wet market Express, we target to provide consumers with options from 80,000 to 100,000 products, covering products from the wet market, supermarket and personal care, with same-day delivery within 3 to 8 hours, 364 days a year.

Everuts aims to offer consumers around the world a secure and creditable international shopping service, extending our service scope beyond Hong Kong. Firstly, no matter which country or region Hong Kong consumers want to shop from, even if the goods are not sold in Hong Kong, we can “surrogate” for consumers. Consumers use this service may partly because the products are not sold in Hong Kong, with more options in styles and models outside Hong Kong; or it may also because the products are selling at lower prices outside Hong Kong, especially for some high-end branded goods. Relying on the huge consumer base and brand reputation HKTVmall has established in Hong Kong, we have already built a network with 2,000 personal shoppers globally. Once this model runs smoothly, Everuts’ services will be promoted to other Asian countries.

Seeking New Ways Out Through Technology & Scientific Research

Both consumers’ life and business models have to face structural changes owing to the emergence of different technologies. Comprehensive application of artificial intelligence, operational automation, online sale and globalized recruitment have already become the irreversible main trends. To meet the development needs of various businesses, the Group has full-time employees and part-time working team across Taiwan, the United Kingdom, Australia and Israel. For instance, there are over 100 programmers based in Taiwan, dozens of customer service Talents in the United Kingdom providing customer service in a time zone equivalent to Hong Kong afternoon to evening hours, and a small number of technical Talents engaging in information technology and scientific research in various fields in the United Kingdom, Australia and Israel.

Our first self-invented Fully Automated Retail Store and System has started trial operation in Manchester of the United Kingdom. This project is an important milestone for the Group in retail automation, and the brand “in:Five” symbolizes that it only takes 5 minutes from customers placing orders on mobile app, to collecting the items at e-lockers at our store. The implementation of this plan was delayed for a whole year compared to the original schedule as it involved many technical and regulatory obstacles. Finally, the team managed to tackle the problems one by one. Now, we are waiting and observing how the consumer groups react to this new sales model. In the meantime, the technical team is also working on enhancements on the related technology to reduce costs and prepare for mass production and installation.

This is an era of social environment and technological development. We have no choice but to continue to invest heavily to ensure the Group can develop sustainably and maintain our competitive advantage in such an environment, to ensure deserved returns to our investors and Talents.

Cheung Chi Kin, Paul

Chairman

Wong Wai Kay, Ricky

Vice Chairman

Hong Kong, 30 August 2023

BUSINESS REVIEW

Ecommerce Business — HKTVmall

The pace of economic recovery in Hong Kong has been impeded by several factors during the six months ended 30 June 2023 (“1H2023”), including the gradual resumption of inbound tourism and private consumption, the significant surge in overseas travel following the removal of COVID-19 travel restrictions, the prevailing high interest rate environment, and the slow global economic recovery. As a result, the overall rebound of the Hong Kong economy has fallen short of initial expectations.

During 1H2023, HKTVmall generated a total of GMV on order intake of approximately HK\$4,028.0 million, representing a slight decrease by 3.8% comparing to the six months ended 30 June 2022 (“1H2022”) of approximately HK\$4,186.0 million. The decrease was mainly attributed by two reasons:

1. The slower than expected recovery on Hong Kong economy particularly on supermarket sector has inevitably impacted HKTVmall’s performance. During 1H2023, the supermarket sector in Hong Kong had weak performance recording a decrease by 7.8% versus 1H2022⁴; and
2. The significant growth on GMV on order intake during 1H2022 was due to the spiked groceries and personal care products demand arising from the fifth wave of COVID-19 pandemic in February and March 2022 which did not happen during 1H2023.

Strategic Expansion of Online Customer Base to Drive Long-Term Sustainable Growth

Despite being the leading online shopping mall in Hong Kong, HKTVmall still could not fully evade the challenges posed by the slow-paced economic recovery. Hence, during 1H2023, our focus on HKTVmall extended beyond expanding customers’ share of wallet. We prioritized maintaining the online shopping habits of existing customers while driving consumer O2O conversion. This strategic approach aimed at broadening the customer base for long-term sustainable growth at HKTVmall and New Venture Projects.

Below are the key parameters resulting from these focuses:

1. The monthly active App users⁵ at HKTVmall is growing and reached 1,581,000 in June 2023 which has further expanded to 1,650,000 in July 2023;

⁴ Source: https://www.censtatd.gov.hk/en/web_table.html?id=620-67002

⁵ 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 reinstalls 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.

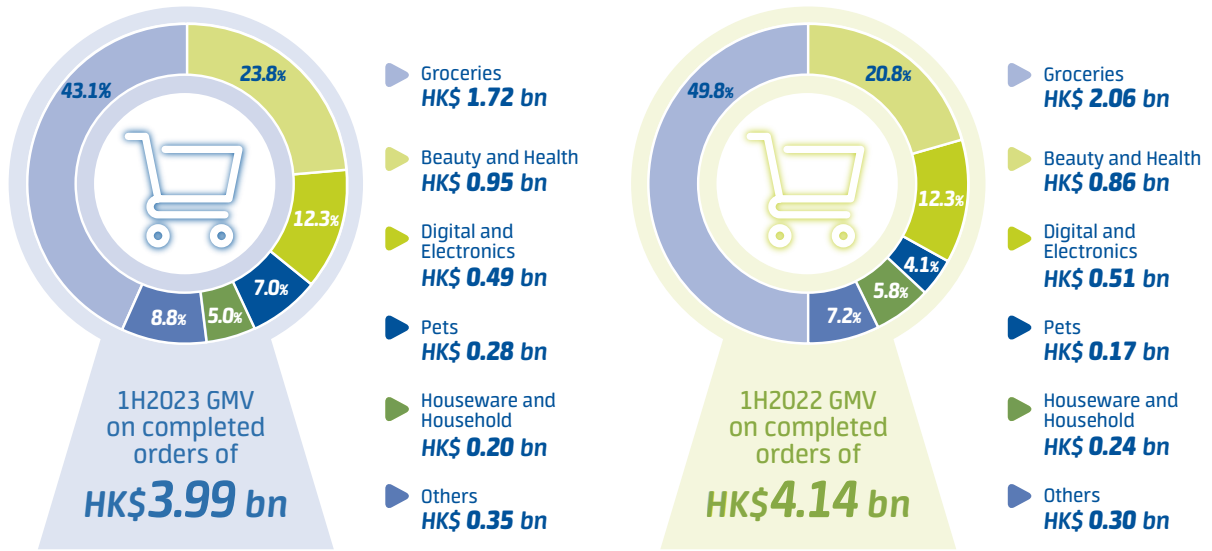
- The number of unique customers who made purchases at HKTVmall increased from 1,107,000 in 1H2022 to 1,229,000 in 1H2023;
- The quarterly average main product categories purchased per customer was at 2.95 main categories in the second quarter of 2023 (“2Q2023”) versus 2.97 in the fourth quarter of 2022 (“4Q2022”); and
- The quarterly average purchase frequency per customer was at 4.80 in the 2Q2023 versus 5.09 in 4Q2022.

Once again, the performance of these key parameters reaffirms the enduring shift in consumer behavior. Even in a post-COVID-19 landscape, the customers at HKTVmall persist with their online purchasing habits, indicating a fundamental structural change in their shopping preferences.

Diverse GMV Performance Across Product Categories at HKTVmall

On order completion basis, HKTVmall generated HK\$3,986.6 million GMV in 1H2023 (1H2022: HK\$4,135.3 million). In response to the prevailing market conditions and the marketing direction, there was a noticeable divergence in business performance across various product categories which is summarized in the below graph:

Product categories distribution by GMV on Completed Orders



Comparing to 1H2022, the major changes are as follow:

1. **Groceries:** remained as the largest contributing product category at HKTVmall despite GMV on completed orders decreased by HK\$0.34 billion primarily caused by (a) the significant surge in demand during February and March 2022 arising from the fifth wave of COVID-19 pandemic which did not happen in the current period, and (b) the revenged outbound travel after the removal of the travel restriction since late 2022.
2. **Beauty and Health:** increased by HK\$0.09 billion largely attributed to two key factors: a significant decrease in mask-wearing practices and a rising trend of health consciousness among consumers.
3. **Pets:** increased by HK\$0.11 billion and attributed to 7.0% of the total GMV on completed orders in 1H2023 becoming the Top 4th main product category at HKTVmall. This exceptional surge in performance primarily attributed to the implementation of a competitive commission scheme during 2021 which has had a profound impact on this product category's performance, culminating in an extraordinary surge during 1H2023.

1P versus 3P Business Performance

At HKTVmall, we persist in implementing our hybrid complimentary business model – direct merchandise sales (“1P Business”) and merchant concessionaire sales (“3P Business”) to enlarge the customer base for long-term cross selling benefit. By offering a diverse range of merchant and product choices, we enrich consumer options and leverage the advantages of the long tail effect.

This business model has continuously expanded our customer base to 1,229,000 unique customers in 1H2023 (1H2022: 1,107,000) and enlarging our product choices to over 1,300,000 product items in June 2023 (June 2022: over 1,000,000 product items) which are offered by approximately 5,800 merchants and suppliers.

In 1H2023, the proportion between 1P Business and 3P Business continues to maintain at 29.7% versus 70.3% of total GMV on completed orders (1H2022: 29.8% versus 70.2% respectively).

Gross profit margin and blended commission rate

In thousands of Hong Kong dollars unless specified except for ratios

	For the six months ended 30 June 2023 HK\$'000	For the six months ended 30 June 2022 HK\$'000
On completed orders and on adjusted basis⁶		
Direct merchandise sales		
GMV on completed orders ^{6,7}	1,183,304	1,231,903
Cost of inventories	(904,976)	(902,124)
Gross profit	278,328	329,779
Gross profit margin	23.5%	26.8%
Income from concessionaire sales and other service income		
GMV on completed orders ⁶	2,803,332	2,903,419
Merchant payments (net off by other service income)	(2,196,053)	(2,261,307)
Income from concessionaire sales and other service income ⁸	607,279	642,112
Blended commission rate	21.7%	22.1%
Total GMV on completed orders⁶	3,986,636	4,135,322
Total gross profit and income from concessionaire sales and other service income^{7,8}	885,607	971,891
Total gross profit margin and blended commission rate	22.2%	23.5%
Multimedia advertising income and licensing of programme rights		
Multimedia advertising income	59,932	64,765
Other programme license	8	22
	59,940	64,787
Gross contribution from Ecommerce business segment	945,547	1,036,678
Income from Technology and other business segment	234	5,357
Gross contribution from Ecommerce and Technology and other business segment	945,781	1,042,035

⁶ 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.

⁷ For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK\$474,000 (1H2022: HK\$2,045,000) and use of promotional coupon of HK\$20,447,000 (1H2022: HK\$19,603,000).

⁸ For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK\$1,269,000 (1H2022: HK\$367,000) and included merchant annual fee amortisation and other service income.

The total gross profit margin and blended commission rate was decreased to 22.2% in 1H2023 (1H2022: 23.5%) primarily caused by the following factors:

1. Deliberate 1P Business gross profit margin reduction to 23.5% (1H2022: 26.8%)

The decrease in gross profit margin on the 1P Business serves multiple strategic goals:

- a. It aims to maintain the competitiveness of online groceries by offering competitive pricing to customers;
 - b. It seeks to drive online purchases of less frequently bought product categories;
 - c. It aims to broaden the customer base for groceries, with the long-term goal of converting them into loyal customers across a comprehensive range of product categories.
2. Optimized 3P Business strategy yields minor decrease in blended commission rate to 21.7% (1H2022: 22.1%)

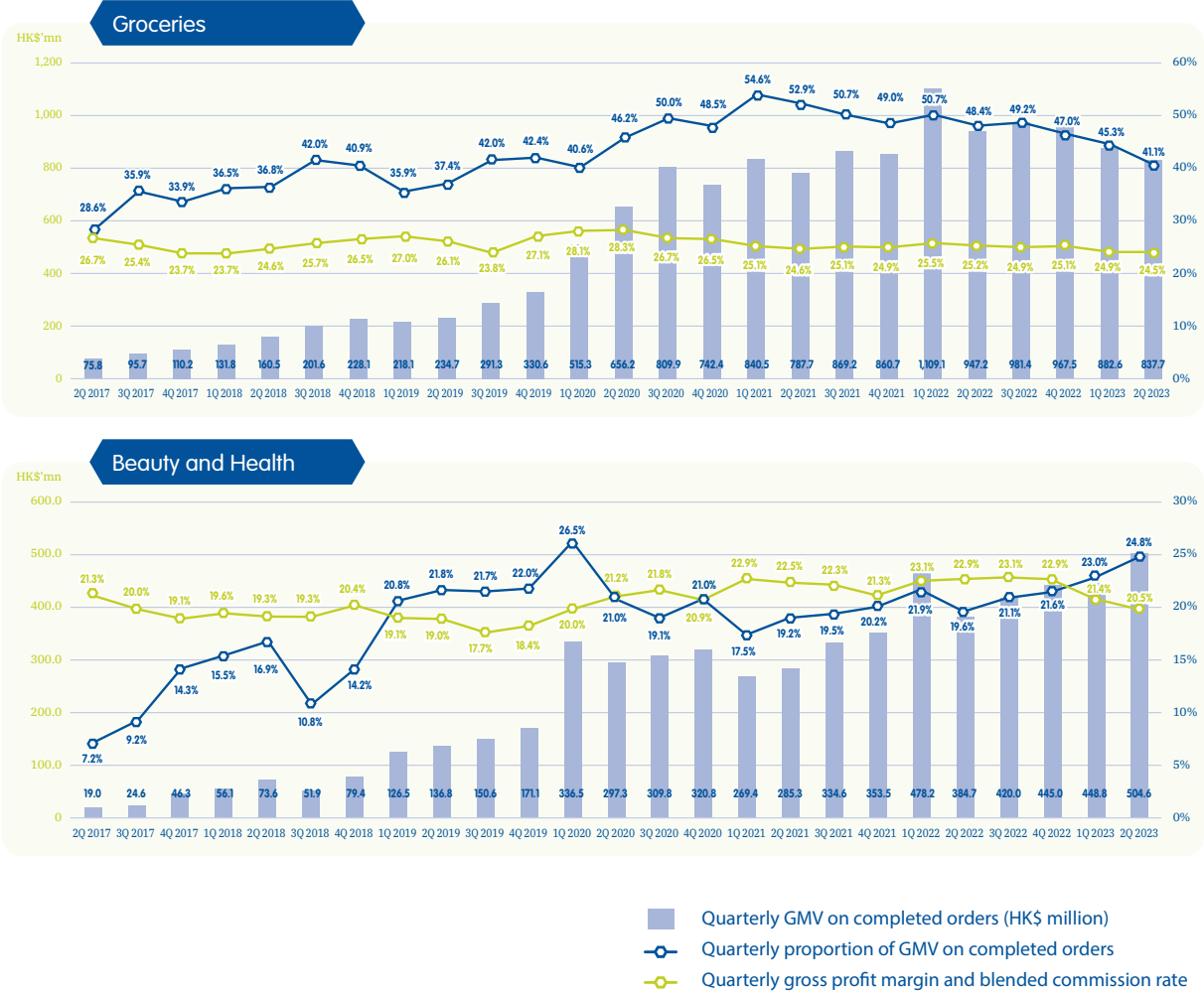
During the second half of 2022 (“2H2022”), in addition to our existing merchant standard delivery plan where our logistics team handles last mile delivery to customers, we introduced a new merchant delivery plan to the market. Under this plan, merchants have the option to arrange their own last mile delivery, benefiting from a lower commission rate. The primary objective of this new merchant delivery plan is to incentivize retailers to develop their Ecommerce business on HKTVmall, adopting an operational model that best aligns with their business needs.

This new merchant delivery plan has largely benefited the Digital and Electronics, Beauty and Health and Pets product categories by enlarging the merchant choices and product choices to the consumer market. Hence, the blended commission rate was slightly affected comparing to 1H2022.

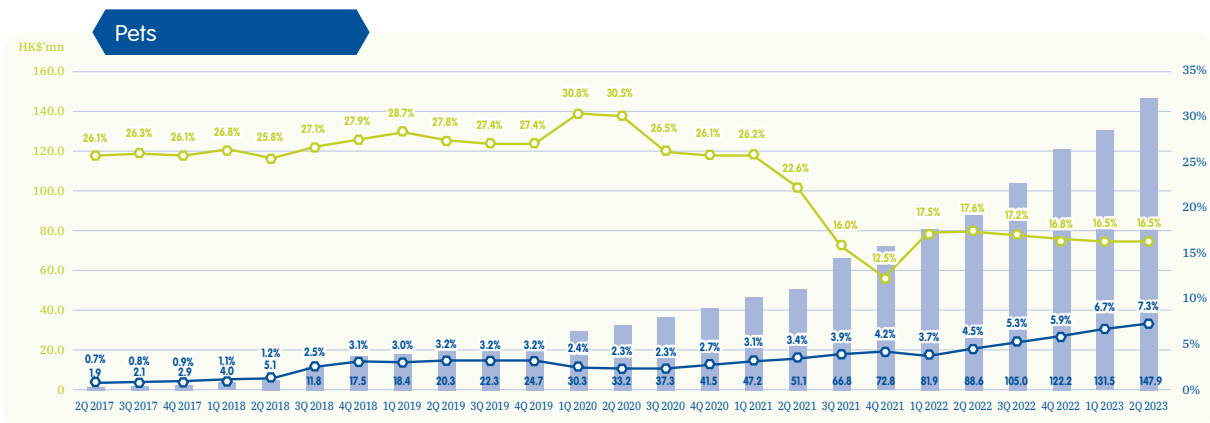
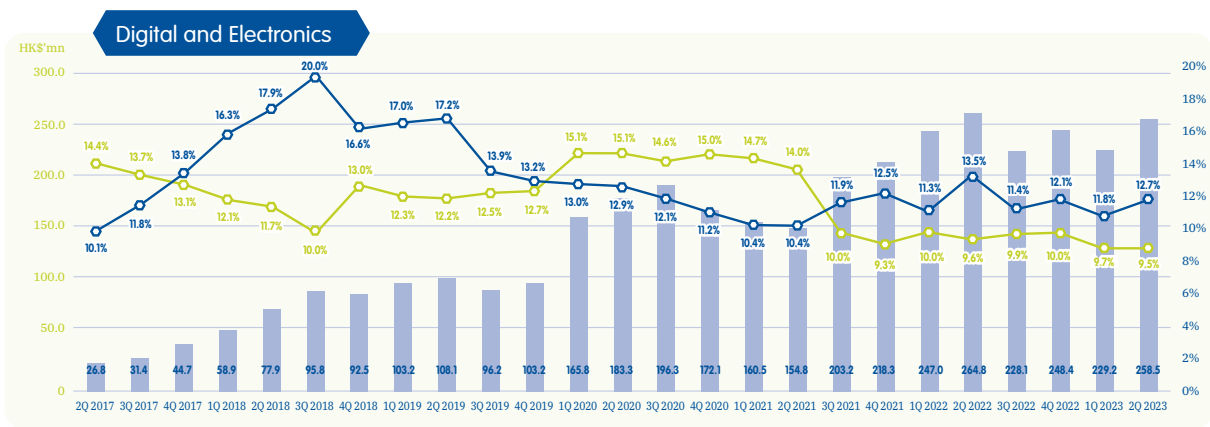
3. Stabilized Multimedia advertising income of HK\$59.9 million (1H2022: HK\$64.8 million)

Despite the challenging operating environment in Hong Kong, we managed to maintain stable advertising income during the period, with modest decrease of HK\$4.9 million comparing to 1H2022.

On product category basis, the gross profit margin and blended commission rate trend is summarised as below:

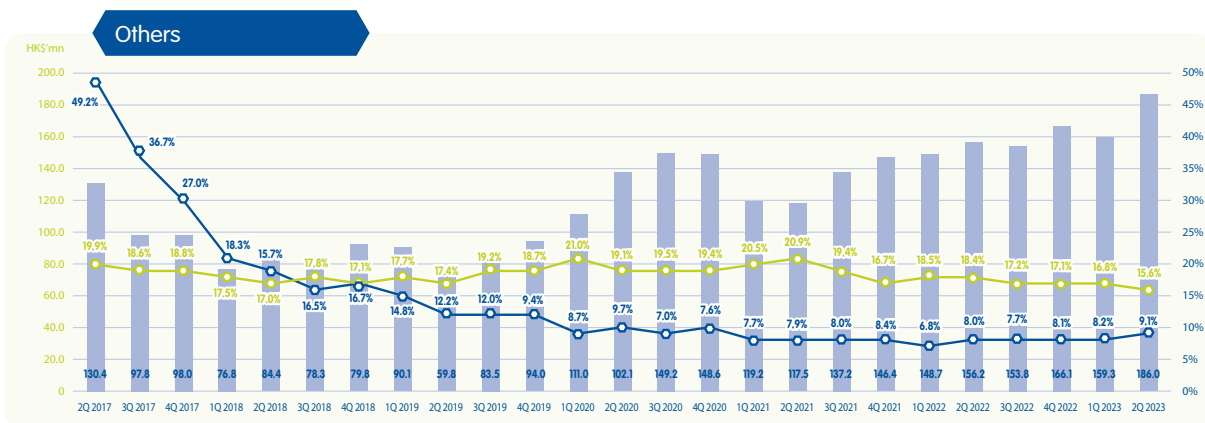
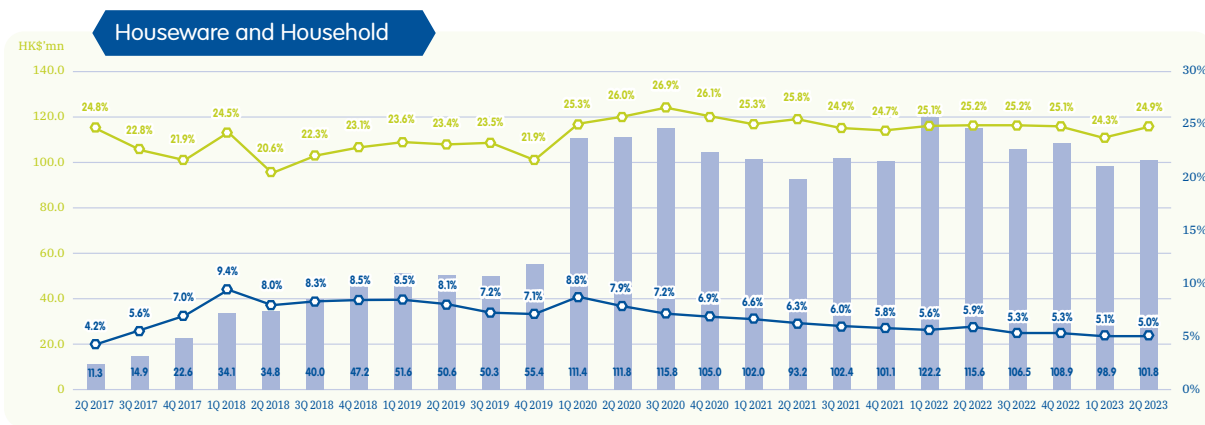


Remarks: Quarterly gross profit margin and blended commission rate for 1Q2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.



- Quarterly GMV on completed orders (HK\$ million)
- Quarterly proportion of GMV on completed orders
- Quarterly gross profit margin and blended commission rate

Remarks: Quarterly gross profit margin and blended commission rate for 1Q2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.

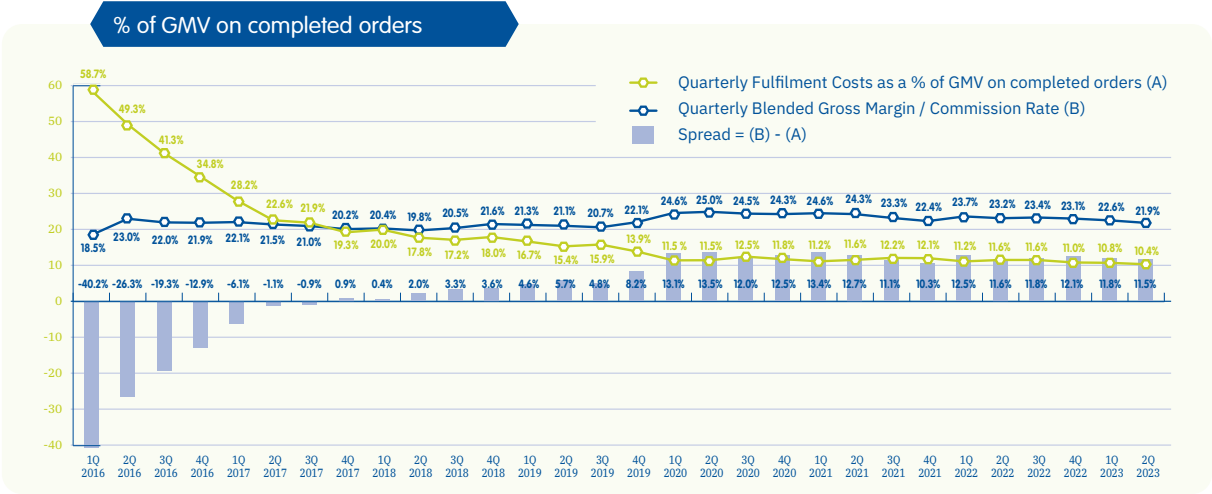


- Quarterly GMV on completed orders (HK\$ million)
- Quarterly proportion of GMV on completed orders
- Quarterly gross profit margin and blended commission rate

Remarks: Quarterly gross profit margin and blended commission rate for 1Q2022 is revised to reflect the appropriate allocation of merchant rebate among different product categories.

Planned and Disciplined Fulfilment Cost Efficiency

The fulfilment cost efficiency continued to kick in and maintained a quarterly cost % at 10.8% and 10.4% for first quarter of 2023 and 2Q2023. The additional benefit from implementation of the merchant delivery plan in 2H2022 starting to have positive impact on diluting the overall fulfilment cost percentage. This initiative has effectively enhanced our fulfilment and last-mile delivery resources, allowing us to accommodate the growing demands of our business while effectively managing costs.



Remark:

1. Quarterly Fulfilment Costs as a % of GMV on completed orders include the interest on lease liabilities under HKFRS 16 in relation to fulfilment centre, which is grouped under finance costs in the consolidated income statement. The % for respective quarters of 2019, 2020 and 2021 have been restated as applicable to reflect the inclusion.
2. Quarterly Blended Gross Margin/Commission Rate for 3Q2021 and 4Q2021 have absorbed the merchant incentive rebate for 2021 which yield to a lower rate.
3. Blended Gross Margin/Commission Rate is calculated before deduction of HKTVmall dollars and use of promotional coupon which is considered as advertising and marketing expenses under management reporting purpose, and net of merchant annual fee, delivery and other income.

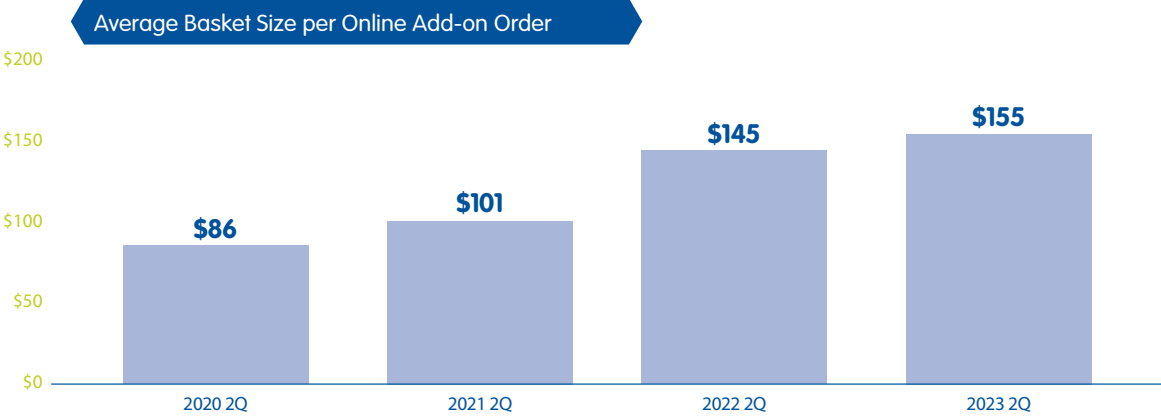
Performance Highlight of New Key Features and New Product Segments

Add-on Order

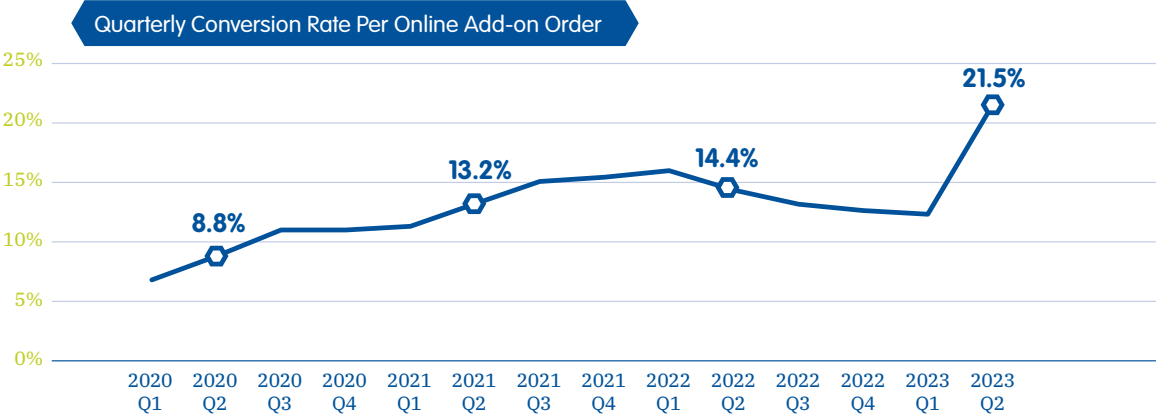
In line with our objective to expand customers’ online purchase portfolio and to drive online purchases of less frequently bought product categories at HKTVmall, we have continuously refined the mechanics of the “Add-on” Order feature by leveraging big data empowered personalisation. We first adopted personalisation logic to “Add-on” Order feature in the second quarter of 2021 with further enhancement in 2Q2023 to include “Personalised Discount” in low spending product categories together with the introduction of the “Unlimited Add-on Order” feature, allowing customers to easily add new product items to their existing orders before the cut-off time. This enhancement not only offers customers greater flexibility but also unlocks increased revenue potential for HKTVmall by promoting larger order sizes in single seamless delivery without any additional fee.

As a result of these efforts, we have remarkable achievements on the “Add-on” Order feature:

- 1. The average basket size per online Add-on Order at HKTVmall has shown a positive growth trajectory, increasing from HK\$86.0 in the second quarter of 2020 (“2Q2020”) when the function was initially launched to HK\$155.0 in 2Q2023.



2. The quarterly conversion rate per online Add-on Order had significant improvement over time, rising from approximately 8.8% in 2Q2020 to approximately 21.5% in 2Q2023.



Moving forward, we will persist in leveraging big data to further expand the share of the customer wallet at HKTVmall, aiming for continued growth and customer satisfaction.

HKTVmall Senior Club aided by HKTVmallLite App

The “HKTVmall Senior Club” was introduced in December 2019. Together with the launch of HKTVmallLite App, the objective is to provide a simple way of access to the online shopping world for the Golden Agers, a customer segment known for their economic stability and strong loyalty. We have more than 110,000 registered Senior Club members and according to our analysis, the first three-month average retention rate of the Senior Club members is 64.0% higher than the customers at HKTVmall, and the growth in GMV on order intake has increased by 97.0% in 2Q2023 comparing to the 2Q2022.

Moreover, HKTVmallLite App has revamped its user Interface in June 2023 aiming to enhance the online experiences to cater to the specific needs and preferences of this demographic, fostering a long-lasting connection with this valuable customer segment.

Wet Market Express

Wet Market Express has experienced an encouraging progress and market awareness since its launch in late 2022:

1. Expanding consumer reach:

In view of the well market reception of this new service, we quickly expanded our wet market network covering approximately 91.5% of HKTVmall existing customer base in August 2023, which is well ahead of our original target of 75.0% coverage in 2023.

2. Enhancing customer engagement:

To foster stronger connections with our Wet Market Express's customers, we have utilized popular social media channels to create multiple interactive chat groups dedicated to different wet markets. This initiative has significantly reinforced our bonding with customers, providing a platform for immediate feedback and facilitating discussions among customers. The increased interactivity has resulted in higher customer loyalty to our service and has also attracted new users through positive word-of-mouth referrals.

The above updates proves the robust market demand for online purchases of wet market products, supported by express delivery services. Furthermore, this new service not only attracts our existing customers to expand their purchase portfolio at HKTVmall, but also converts new customer segment in need of wet market products with express delivery.

HKTVLive

In May 2023, we unveiled an upgraded version of HKTVLive, introducing concurrent interactive live shopping channels that operate 24 hours a day, 7 days a week. This enhancement enables continuous and direct engagement and interaction with consumers, providing a seamless and dynamic live shopping experience.

Since the launch of its enhanced version, the interactive HKTVLive channels has gained popularity among both merchants and customers. In June 2023, 159 live shows were held (June 2022: 17). Increasing number of merchants start to use live show as an interactive selling channel to enhance the engagement with their target customers.

These positive trends indicate that HKTVLive is poised to gain even more popularity in the online shopping community. The direct stimulus effect and interactive engagement offered by HKTVLive are key factors driving this increased interest and engagement.

ShareHub

ShareHub was officially launched in August 2022 aiming to build a “Virtual Community” within HKTVmall. It is a social platform that allows merchants, consumers, influencers and content creators to participate, and exchange experiences and opinions.

Since its official launch, ShareHub quickly built its user base and now already has over 680,000 unique users. Comparing the monthly number of unique users in June 2023 to August 2022, there was a remarkable growth by 126.0%.

Recently, we launched an affiliate Program — “More! Dollar!” at ShareHub. The affiliate program aims to enhance stickiness by incentivizing content creators and followers with Mall Dollars for driving purchases at HKTVmall. This fosters a thriving content ecosystem and generates additional revenue potential for HKTVmall.

Technology Business and New Venture Projects

As a technology-centric company, we are driven by the pursuit of new challenges and continuous innovation. While operating the leading online shopping mall — HKTVmall in Hong Kong, we acknowledge the significant growth potential that lies ahead. However, we remain proactive and actively pursue new venture projects from various perspectives. By exploring new opportunities, we ensure sustained progress and propel our company to new heights, constantly pushing the boundaries of success.

Everuts Beyond Hong Kong

Since the official launch in January 2023, Everuts connects Hong Kong consumers to more than 2,000 personal shoppers — “Exploruts” located in more than 30 countries and locations by providing a creditable and secured shopping platform. Through their Exploruts, customers can make direct shopping requests or ask for recommendations all on the Everuts App. Furthermore, Everuts has expanded its shopping experience by introducing two additional channels:

1. **HKTVLive** — Exploruts conduct interactive live shopping shows at various shopping hotspots around the world, such as France, Italy, Japan, Korea, the Netherlands, Thailand, the United Kingdom, and more. These shows aim to introduce different brands and products to Hong Kong consumers and encourage immediate purchases.
2. **Interactive Chat Groups** — Exploruts have utilized popular social media channel to create multiple interactive chat groups to foster ongoing dialogue and interaction with specific target customer groups. These groups serve as a platform for communication beyond shopping and together with direct messaging function in the Everuts App, allowing for activities such as local restaurant bookings, surprise arrangements, etc. These chat groups will soon be replaced by the GroupChat function under development.

Third-Party Logistics Service (“3PL Service”)

The set up of the additional 144,000 square feet fulfilment center designed and tailored for 3PL Service has started its trial run since May 2023 and is expected to have full service launch in the fourth quarter of 2023 (“4Q2023”). This newly established center will have the capacity to handle approximately 100,000 merchant products, taking into account variations in product mix. Moreover, the picking system will be equipped to process over 20,000 orders per day, considering the complexity and structure of each individual order.

The service aims to facilitate HKTVmall merchants to streamline their Ecommerce fulfilment operation and enable them to provide as quick as 8 hours order-to-delivery customer experience. We see some merchants joining the trial run having significant business growth with support from HKTVmall exposure. We will further enhance the service to support merchants fulfilling non HKTVmall Ecommerce orders or other related 3PL service subject to client demand.

FINANCIAL REVIEW

During 1H2023, the slow economy rebound and mass scale of revenge outbound travel had a moderating effect on the business growth of HKTVmall. In this regard, the Group recorded a 3.6% decrease on GMV on completed orders reaching HK\$3,986.6 million (1H2022: HK\$4,135.3 million).

The Group’s turnover decreased by 4.9% to HK\$1,828.6 million (1H2022: HK\$1,922.1 million) which is composed of:

1. HK\$1,162.4 million from direct merchandise sales (1H2022: HK\$1,210.3 million);
2. HK\$606.0 million from concessionaire sales and other service income (1H2022: HK\$641.7 million);
3. HK\$59.9 million from multimedia advertising income and licensing of programme rights (1H2022: HK\$64.8 million); and
4. HK\$0.2 million from Technology and other business income (1H2022: HK\$5.4 million).

In 1H2023, there was a 3.9% decrease in direct merchandise sales while the cost of inventories increased by 0.3% to HK\$905.0 million (1H2022: HK\$902.1 million), which led to a decrease in gross profit margin to 23.5% (1H2022: 26.8%). The decrease in gross profit margin was the combined effect to maintain competitiveness in the online groceries sector, to encourage online purchases of less frequently bought product categories and to broaden the grocery customer base to pave the way for long term multi-product categories conversion.

In 1H2023, other operating expenses decreased by HK\$3.6 million to HK\$913.7 million (1H2022: HK\$917.3 million). Among these expenses, fulfilment costs, marketing, promotional and O2O shop marketing expenses, O2O shop operating expenses, and Ecommerce operation and supporting costs are considered as key operating expenses items for running the Ecommerce business, which as a percentage of GMV on completed orders, has slightly increased from 19.9% in 1H2022 to 20.3% in 1H2023.

The breakdown of other operating expenses is as below which is on cost basis before considering any inter-segment mark-up:

	1H2023		1H2022	
	As a % of GMV on completed orders	HK\$ million	As a % of GMV on completed orders	HK\$ million
Fulfilment costs (<i>note 1</i>)	10.6%	421.5	11.4%	471.7
Marketing, promotional and O2O shop marketing expenses	2.2%	88.2	1.9%	77.0
O2O shop operating expenses (<i>note 2</i>)	2.4%	95.0	2.0%	81.8
Ecommerce operation and supporting costs	5.1%	202.1	4.6%	190.5
Ecommerce business segment key operating expenses	<u>20.3%</u>	<u>806.8</u>	<u>19.9%</u>	<u>821.0</u>
Technology and other business segment key operating expenses (<i>note 3</i>)		60.4		41.0
Other unallocated operating expenses (<i>note 4</i>)		<u>13.1</u>		<u>11.5</u>
Total key operating expenses		<u>880.3</u>		<u>873.5</u>
Major non-cash items (<i>note 5</i>)		63.7		71.3
Less: Marketing, promotional and O2O shop marketing expenses deducted in turnover		(22.2)		(22.0)
Less: Interest on lease liabilities included in finance costs		<u>(8.1)</u>		<u>(5.5)</u>
Total other operating expenses		<u>913.7</u>		<u>917.3</u>

Notes:

1. Including depreciation — other properties leased for own use of HK\$31.7 million (1H2022: HK\$32.7 million) and interest on lease liabilities of HK\$2.9 million (1H2022: HK\$4.3 million).
2. Including depreciation — other properties leased for own use of HK\$37.3 million (1H2022: HK\$37.1 million) and interest on lease liabilities of HK\$1.3 million (1H2022: HK\$1.1 million).
3. Including depreciation — other properties leased for own use of HK\$13.7 million (1H2022: HK\$0.6 million) and interest on lease liabilities of HK\$3.9 million (1H2022: nil).
4. Including depreciation — other properties leased for own use of HK\$0.3 million (1H2022: HK\$1.3 million) and no interest on lease liabilities (1H2022: HK\$0.1 million).
5. Excluded depreciation — other properties leased for own use of HK\$83.0 million (1H2022: HK\$71.7 million).

(1) **Fulfilment costs** incurred for warehousing and logistics functions included shop pick up costs allocation. The total fulfilment costs as a percentage of GMV on completed orders dropped from 11.4% in 1H2022 to 10.6% in 1H2023, primarily due to (1) reduced operating expenditures and Talent costs in 1H2023 in relation to COVID-19 pandemic, such as daily rate manpower and outsource service providers, hardship allowances, additional shop pick up charges and recharges etc.; and (2) introduction of merchant delivery plan in 2H2022 which has increased our fulfilment and last mile delivery resources efficiency and allowing us to accommodate the growing business demand while effectively managing costs.

(2) **Marketing, promotional and O2O shop marketing expenses** include promotional coupons and HKTVmall dollar grant, digital marketing, promotional leaflet, O2O shop marketing costs, etc., and all related functions' Talent costs.

Including the HK\$22.2 million (1H2022: HK\$22.0 million) of HKTVmall dollars granted and promotional coupons used which was deducted in the turnover, the total expenses as a percentage to GMV on completed orders increased to 2.2% (1H2022: 1.9%) at HK\$88.2 million (1H2022: HK\$77.0 million), as a result of more promotional activities launched during 1H2023 since the recovery of COVID-19 pandemic.

(3) **O2O shop operating expenses** include shop operating expenses and relevant Talent costs incurred, which increased from 2.0% of GMV on completed orders in 1H2022 to 2.4% in 1H2023. The increase in operating expenses was mainly due to less recharge on shop pick-up orders during 1H2023. The number of O2O shops were 90 in June 2023 (included 5 mega stores) and 94 in June 2022 (including 4 mega stores).

(4) **Ecommerce operation and supporting costs** includes payment processing charges, merchant relations and acquisition, customer service, information technology for Ecommerce business, and other supporting functions. The Ecommerce operation and supporting costs increased from 4.6% of GMV on completed orders in 1H2022 to 5.1% in 1H2023 mainly due to increased Talent resources and overhead to support expanding business activities and resumption of corporate events post COVID-19 pandemic.

- (5) **Technology and other business segment key operating expenses** mainly represent (1) the start-up operating expenses incurred for New Venture Projects including Fully Automated Retail Store and System, 3PL service and Everuts, etc; (2) the research and development costs incurred which are not qualified for capitalisation as intangible assets or other contract costs; and (3) allocated costs from shared support functions. Increase in expenses is mainly due to in 1H2023, expenditure of New Venture Projects were allocated to this segment key operating expenses.
- (6) **Other unallocated operating expenses** mainly represent the expenses of head office and corporate expenses not allocated to Ecommerce business or Technology and other business.
- (7) **Major non-cash items** mainly include depreciation on property, plant and equipment, amortisation of intangible assets, amortisation of other contract costs and equity-settled share-based payment. The decrease is mainly due to HK\$2.9 million decrease in depreciation on property, plant and equipment (excluding depreciation on other properties leased for own use) caused by certain fully depreciated computer equipment and motor vehicles and a reversal of equity-settled share-based payment expenses (after capitalisation) of HK\$1.2 million in 1H2023 (1H2022: provision of HK\$0.9 million).

During 1H2023, no valuation gains or losses on investment properties was recorded (1H2022: HK\$0.7 million) based on the valuation carried out by an independent firm of surveyors.

Other income, net, of HK\$41.9 million was recorded in 1H2023 (1H2022: expenses of HK\$14.4 million), which is mainly composed of investment returns generated from other financial assets and bank deposits of HK\$20.4 million (1H2022: HK\$11.2 million), rental income from investment properties of HK\$11.9 million (1H2022: HK\$11.9 million), and net exchange gain of HK\$5.6 million (1H2022: loss of HK\$0.7 million) offset by the unrealised fair value loss on units in investment funds measured at FVPL of HK\$1.3 million (1H2022: HK\$11.1 million) and provision for expected credit losses on debit securities measured at FVOCI of HK\$0.3 million (1H2022: HK\$32.0 million). The significant increase in income was mainly due to (1) in 1H2022, there was a provision for expected credit losses on a 10-year bond issued by one of the major financial institutions in Russia acquired almost 10 years' ago, which are defaulted as a result of the Russia-Ukraine conflict and international sanction measures imposed on Russia's financial system; and (2) increase in bank interest income by HK\$9.0 million.

Finance costs are mainly composed of interest on lease liabilities of HK\$8.1 million (1H2022: HK\$5.5 million).

An income tax credit of HK\$5.3 million which was recognised in 1H2023 (1H2022: HK\$44.6 million) including a deferred taxation credit of HK\$6.2 million (1H2022: HK\$45.4 million).

Overall, the Group had a net profit of HK\$48.7 million in 1H2023 (1H2022: HK\$127.8 million) and an adjusted EBITDA profit of HK\$82.6 million (1H2022: HK\$195.6 million).

If excluding the adjusted EBITDA for Technology and other business segments and unallocated head office and corporate net income/(expense), and the inter-segment margin, the adjusted EBITDA for Ecommerce business is HK\$148.3 million in 1H2023 (1H2022: HK\$222.3 million).

On Technology and other business segment, it incurred an adjusted EBITDA loss of HK\$62.0 million in 1H2023 (1H2022: HK\$28.2 million). The increase in loss was mainly attributed to the start-up operating losses incurred for New Venture projects including Fully Automated Retail Store and System, Everuts, 3PL service, etc., while in 1H2022, certain operating expenses were incurred for a solution client which had ceased operation in July 2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2023, the Group had a total cash position representing cash and cash equivalents and time deposits of HK\$660.6 million (31 December 2022: HK\$705.8 million). The decrease in total cash position was mainly due to net investment in financial assets of the investment portfolio of HK\$25.1 million, the capital and interest element of lease rentals of HK\$91.9 million, payment made for purchases of property, plant and equipment of HK\$55.7 million, HK\$24.4 million increase in payment for the addition to intangible assets, partially net off the cash inflow generated from operating activities of HK\$130.5 million, net investment income received of HK\$18.9 million and net proceeds of HK\$2.5 million from issuance of new shares for exercised share options during the period.

On investment in other financial assets, the Group has invested, at fair value, HK\$375.2 million as at 30 June 2023 (as at 31 December 2022: HK\$344.5 million) and there was a net deficit of HK\$16.6 million being recorded in fair value reserve (non-recycling and recycling) (31 December 2022: a net deficit of HK\$21.6 million). During the period, the total fair value change on other financial assets (after netting of expected credit losses recognised) amounted to a surplus of HK\$3.6 million (for the year ended 31 December 2022: deficit of HK\$72.5 million), in which a deficit of HK\$1.6 million (for the year ended 31 December 2022: deficit of HK\$57.1 million), surplus of HK\$2.9 million (for the year ended 31 December 2022: deficit of HK\$8.5 million) and surplus of HK\$2.3 million (for the year ended 31 December 2022: deficit of HK\$6.9 million) were recorded in profit or loss, fair value reserve (recycling) and fair value reserve (non-recycling) respectively.

Consistent with the overall treasury objectives and policy, the Group undertakes treasury management activities with respect to its surplus cash assets. The criteria for selection of investments include the relative risk profile involved, the liquidity of an investment, the after tax equivalent yield of an investment, and investments that are not speculative in nature. In line with its liquidity objectives, the Group invests mostly in liquid instruments, products or equities, such as investment grade products, constituent stocks of defined world indices or state owned or controlled companies. Investment in fixed income products are structured in different maturity profile to cope with ongoing business development and expansion need. Moreover, as and when additional cash is expected to be required to fund the business, the investments can be realised as appropriate.

As at 30 June 2023, the Group had utilised facilities of HK\$26.4 million (31 December 2022: nil), leaving HK\$1,007.7 million (31 December 2022: HK\$979.7 million) uncommitted banking facilities available for future utilisation.

Our total cash and cash equivalents consisted of cash at banks and in hand, and time deposits within three months of maturity, if any. As at 30 June 2023 and 31 December 2022, the Group had not pledged any bank deposits as security for the bank facilities granted by a bank for foreign exchange and interest rate hedging arrangement.

The Group was in a net cash position as of 30 June 2023 and 31 December 2022 and hence no gearing ratio was presented. The Directors are of the opinion that, after taking into consideration the internal available financial resources and the current banking facilities, the Group has sufficient funds to finance its operations and to meet the financial obligations as and when they fall due.

During 1H2023, the Group invested HK\$55.7 million on capital expenditure as compared to HK\$197.3 million in 1H2022. The capital expenditure for 1H2023 was mainly incurred for expansion of e-fulfilment centre at Tseung Kwan O Headquarters, renovation and equipment for new ventures projects. For the upcoming capital expenditure requirements, we will remain cautious and it is expected to be funded by internal resources within the Group and the available banking facilities. Overall, the Group's financial position remains sound for continued business expansion.

Fund raising activity

For the purpose of strengthening the Group’s financial position and the medium term funding of its expansion and growth plan, on 11 February 2020, the Company entered into a placing agreement (“Placing Agreement”) with Top Group International Limited (“Vendor”) and UBS AG Hong Kong Branch (“placing agent”) and a subscription agreement (“Subscription Agreement”) with the Vendor, pursuant to which the placing agent agreed to place, on a fully underwritten basis, 90,000,000 existing ordinary shares of the Company to not less than six independent placees at HK\$5.15 per share (“Placing”), and the Vendor agreed to subscribe for 90,000,000 new ordinary shares of the Company (“Subscription Shares”) at HK\$5.15 per share (“Subscription”). The completion of the Placing and the Subscription took place on 14 February 2020 and 24 February 2020, respectively. The gross proceeds amounted to approximately HK\$463.5 million and the net proceeds from the Subscription amounted to approximately HK\$453.2 million. The net placing price is approximately HK\$5.04 per share. The Subscription Shares represent approximately 10.96% of the issued share capital of the Company as at the date of the Placing Agreement and the Subscription Agreement and approximately 9.88% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Shares have a market value of approximately HK\$540.9 million based on the closing price of the shares as at 11 February 2020.

The Company intends to use the net proceeds from the Subscription for (1) expansion of the Ecommerce and related business of the Group; and (2) general working capital, which is consistent with the intentions disclosed in the Company’s announcements dated 12 February 2020 and 24 February 2020. Details of the use of net proceeds are as follows:

Intended use of net proceeds	Amount intended to be utilised <i>HK\$ million</i>	Amount utilised as at 31 December 2022 <i>HK\$ million</i>	Amount utilised as at 30 June 2023 <i>HK\$ million</i>	Expected timeline of utilisation
Expansion of the Ecommerce and related business of the Group				
(i) Expansion of e-fulfilment centre at Tseung Kwan O Headquarters	200	150.5	200.0	By the end of 2023
(ii) Adding the 6th fulfilment centre	40	40.0	40.0	By the end of 2022
(iii) Adding around 200 to 250 delivery trucks	Around 90 to 110	35.7	36.0	By the end of 2023
(iv) Upgrading computer hardware and software	50	50.0	50.0	By the end of 2021
General working capital of the Group	Around 53.2 to 73.2	73.2	73.2	By the end of 2021
Total	<u>453.2</u>	<u>349.4</u>	<u>399.2</u>	

Charge on Group Assets

As of 30 June 2023, the Group's banking facilities of HK\$1,034.1 million were secured by the Group's other financial assets of HK\$313.6 million and cash of HK\$185.2 million held by various banks.

Exchange Rates

Substantially all of the Group's monetary assets and liabilities are primarily denominated in Hong Kong dollars and United States dollars. Given the exchange rate of the Hong Kong dollar to the United States dollar has remained close to the current pegged rate of HKD7.80 = USD1.00 since 1983, management does not expect significant foreign exchange gains or losses between these two currencies.

Contingent Liabilities

As of 30 June 2023 and 31 December 2022, the Group had no material contingent liabilities or off-balance-sheet obligations.

PROSPECTS

Hong Kong Ecommerce Business

Update on HKTVmall 2023 Target

Considering the slower-than-anticipated economy rebound in Hong Kong, coupled with the increasing funding pressure resulting from elevated interest rates, the business operating environment is expected to face ongoing challenges. The rise in mortgage loan interest rates has a direct impact on household disposable income and subsequently affecting consumers' willingness to spend. These combined factors create a challenging economic landscape with notable implications for businesses and consumer behavior in the second half of 2023 ("2H2023") and may extend to the subsequent years.

In this regard, we expect moderate GMV growth at HKTVmall for full year 2023 and additional investment in marketing and promotional activities should be conducted to maintain online competitiveness and to drive for conversion to product categories less purchase online. As a result of this direction, management update certain targets for HKTVmall as below:

Business Target	2023 Revised Target	2023 Original Target
Annual GMV on Order Intake	HK\$8.40 billion to HK\$8.8 billion	HK\$8.80 billion to HK\$9.2 billion
Blended gross profit margin and commission rate (before including multimedia advertising income)	22.2%	24.0%–24.5%
Multimedia advertising income	HK\$140.0 million to HK\$150.0 million	HK\$156.0 million
Key operating expenses as a % of GMV on completed orders:		
a) Fulfilment costs	10.3%–10.6%	11.0%–11.2%
b) Marketing, promotional and O2O shop marketing expenses	2.7%–3.0%	2.1%–2.8%
c) O2O shop operating expenses	2.2%–2.4%	2.2%–2.4%
d) Ecommerce operational and supporting costs	5.0%	4.8%–5.0%
Adjusted EBITDA (at cost basis) as a % of GMV on completed orders	3.2%–3.4% (Approximately HK\$270.0 million to HK\$300.0 million)	5.0%–5.5% (Approximately HK\$440.0 million to HK\$506.0 million)

HKTVLive

Given the popularity of HKTVLive to the HKTVmall community in the past few months, we will move a big step further — “Video-On-Demand” targeting to launch in the third quarter of 2023 (“3Q2023”).

HKTVmall users can select their interested contents anytime but not only on shopping. We welcome content creators to provide content in their own ideas and styles to HKTVLive to enrich the content library on revenue sharing basis. We believe the diversified and creative content provided by this Video-On-Demand new feature will extend the screen time of our users and enhance the product cross-selling opportunities at HKTVmall.

Market Expansion Beyond Hong Kong

Extending our range of products and services to consumers outside of Hong Kong is crucial for maintaining connections with our existing customers, even after their relocation. Additionally, it presents an opportunity to tap into new potential customers domestically, broadening our customer base.

In this regard, after launched ‘Ship to Macau’ in December 2022 and “Ship to UK” in May 2023, we are working to extend the reach to other areas, including delivery to Australia and Canada which are targeted to be launched in 3Q-4Q2023. Sooner or later, the domestic customers there can enjoy shopping with their fingertips reaching over 700,000 product items at HKTVmall by arranging the delivery through third party logistics service providers.

Technology Business and New Venture Projects

In 1H2023, several new venture projects were successfully launched, laying the foundation for future development. Moving forward, we will continue to introduce strategic advancements to capture a larger market share and expand our presence. These ongoing developments will enable us to continuously strengthen our position and capitalize on new opportunities in the market.

Everuts

During 2H2023, Everuts would further strengthen its international reach by the below two prominent developments:

1. “Travelling Personal Shopper Program” — a Exploruts recruitment program tailored for frequent travelers who travel frequently around the world from Hong Kong, such as fashionistas, travel influencers, etc., to become our Exploruts.
2. Consumers beyond Hong Kong — in July 2023, on top of serving Hong Kong consumers, Everuts has extended its personal shopper services to Thai market which now has a more effective global shopping reach through Everuts App.

As the Exploruts network continues to expand worldwide, Everuts is positioning itself to become one of the key channels for global shopping. With its growing presence and reach, Everuts aims to offer a seamless and accessible platform for customers around the globe to engage in online shopping, solidifying its position as a prominent player in the global shopping landscape.

Fully Automated Retail Store and System

We first announced this invention in August 2021 and after making tremendous effort in the past 2 years, including setting up local operations, modifying and enhancing the machine to adapt to local environment and settling various regulatory issues, etc., the first pilot store in Manchester, the United Kingdom just started its trial run in August 2023 under the brand of “in:Five”. We eagerly anticipate the market response to this new operational model, as it will provide valuable insights that will guide us in refining and optimizing our approach for future mass deployment.

Update on Core CAPEX Plan for Fulfilment Capacity Expansion

The set up of the additional 144,000 square feet fulfilment center designed and tailored for 3PL Service is expanding our automated fulfilment capacity over 700,000 square feet in 4 locations. The approximate HK\$1,115 million 5-year CAPEX plan (mainly for construction and machinery costs) for the Tseung Kwan O headquarters mentioned in 2022 annual report will further expand our capacity to over 900,000 square feet. The progress on this 5-year CAPEX plan is summarised as below:

- i. Phase 1: Construction of additional 33,000 square feet on top of the existing fulfilment center is on track and is targeted to be completed by 3Q2023 with automated fulfilment system to be installed and commissioned in 15 months after construction completion;
- ii. Phase 2: Plan for converting existing 30,000 square feet facilities for loading and unloading processes and pallet storage use is under finalization and is targeted to be completed by the first quarter of 2025;
- iii. Phase 3: Plan to build a new block of fulfilment center of approximately 200,000 square feet is under development and is expected to include approximately 170,000 square feet for e-fulfilment which will be 2 times of the 3PL capacity in our Tsing Yi fulfilment center. It is targeted to be completed by 2027, with final gross floor area and design subject to business need and market conditions.

RESULTS

The Board of Directors (“Board” or “Directors”) of Hong Kong Technology Venture Company Limited (“HKTV” or “Company”) hereby announce the consolidated income statement and consolidated statement of comprehensive income for the six months ended 30 June 2023 and the consolidated statement of financial position as at 30 June 2023 of the Company and its subsidiaries (collectively referred to as the “Group”), which are unaudited.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023 (Expressed in Hong Kong dollars)

		Six months ended	
		30 June	30 June
		2023	2022
	Note	HK\$'000	HK\$'000
Turnover	3	1,828,567	1,922,144
Direct merchandise sales	3	1,162,383	1,210,255
Cost of inventories		(904,976)	(902,124)
		257,407	308,131
Income from concessionaire sales and other service income	3	606,010	641,745
Multimedia advertising income and licensing of programme rights	3	59,940	64,787
Technology and other business income	3	234	5,357
Valuation gains on investment properties	10	–	650
Other operating expenses		(913,735)	(917,298)
Other income/(expenses), net	4	41,921	(14,366)
Finance costs	5(a)	(8,377)	(5,760)
Profit before taxation	5	43,400	83,246
Income tax credit	7	5,296	44,603
Profit for the period		48,696	127,849
Earnings per share	9		
Basic		HK\$0.05	HK\$0.14
Diluted		HK\$0.05	HK\$0.13

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023 (Expressed in Hong Kong dollars)

		Six months ended	
		30 June	30 June
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
Profit for the period		48,696	127,849
Other comprehensive income for the period	6		
<i>Item that will not be reclassified to profit or loss:</i>			
Equity instruments designated at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)		2,279	484
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of overseas subsidiaries		(683)	554
Debt securities measured at fair value through other comprehensive income — net movement in fair value reserve (recycling)		2,896	(9,372)
Other comprehensive income for the period		4,492	(8,334)
Total comprehensive income for the period		53,188	119,515

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023 (Expressed in Hong Kong dollars)

		30 June 2023	31 December 2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,994,915	1,971,551
Intangible assets		121,067	103,209
Long-term receivables, deposits and prepayments		71,652	147,194
Other financial assets	10	262,054	292,791
Deferred tax assets		87,643	81,252
		2,537,331	2,595,997
Current assets			
Other receivables, deposits and prepayments		181,000	121,175
Inventories and other contract costs		133,278	144,791
Other current financial assets	10	113,115	51,742
Time deposits		50,457	–
Cash and cash equivalents		610,153	705,807
		1,088,003	1,023,515
Current liabilities			
Accounts payable	11	376,003	354,627
Other payables and accrued charges	11	435,406	443,665
Deposits received		5,757	5,757
Tax payable		591	611
Lease liabilities		152,017	164,098
		969,774	968,758
Net current assets		118,229	54,757
Total assets less current liabilities		2,655,560	2,650,754

		30 June	31 December
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities			
Deferred tax liabilities		1,709	1,566
Lease liabilities		390,230	440,395
		<u>391,939</u>	<u>441,961</u>
NET ASSETS		<u>2,263,621</u>	<u>2,208,793</u>
CAPITAL AND RESERVES	<i>12</i>		
Share capital		1,804,361	1,800,972
Reserves		459,260	407,821
TOTAL EQUITY		<u>2,263,621</u>	<u>2,208,793</u>

Notes:

1 BASIS OF PREPARATION

The interim results set out in the announcement are extracted from the Group's unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended 31 December 2022 that is included in this announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance in its annual financial statements for the year ending 31 December 2023.

3 TURNOVER AND SEGMENT INFORMATION

(a) Turnover

The principal activities of the Group are Ecommerce business, including but not limited to the end-to-end online shopping mall operation, multimedia production and other related services (“Ecommerce business”) and technology solution and other business (“Technology and other business”). Further details regarding the Group’s principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by nature and by timing of revenue recognition are as follows:

	Six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by nature		
— Direct merchandise sales	1,162,383	1,210,255
— Income from concessionaire sales and other service income	606,010	641,745
— Multimedia advertising income and licensing of programme rights	59,940	64,787
— Technology and other business income	234	5,357
	<u>1,828,567</u>	<u>1,922,144</u>
Disaggregated by timing of revenue recognition		
— Point in time	1,732,266	1,818,314
— Over time	96,301	103,830
	<u>1,828,567</u>	<u>1,922,144</u>

(b) Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (product and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment. During the six months ended 30 June 2023, management changed the compositions of the segments in view of more diversified businesses the Group currently operates. Accordingly, the Group has two reporting segments as follows:

- Ecommerce business (Hong Kong): The Group's Ecommerce business segment derives revenue from the end-to-end online shopping mall operation, multimedia production and other related services in Hong Kong. These products and services are either sourced externally or are produced in the Group's properties located in Hong Kong.
- Technology and other business (local and international): The Group's Technology and other business segment derives revenue from (1) providing technology solution to the Group's Ecommerce business segment or external customer to operate the end-to-end online shopping mall operation; (2) performing research and development activities on retail technologies, and operating business by adopting the retail technologies globally; (3) new venture projects.

The comparative information is also restated to conform with the current period's presentation.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and other corporate assets. Segment liabilities include accounts payable, other payables and accrued charges and lease liabilities attributable to the sales activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to turnover generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Earnings before interest (including investment returns), taxes, depreciation and amortisation ("EBITDA")/(EBITDA loss) means profit/(loss) for the period plus income tax expense/(credit), depreciation on property, plant and equipment (excluded depreciation on other properties leased for own use), amortisation of intangible assets and amortisation of other contract costs and deduct investment returns.

Adjusted EBITDA/(adjusted EBITDA loss) means EBITDA/(EBITDA loss) adjusted by major non-cash items and excluded non-recurring items including the government subsidies and write-off of receivables and other contract costs, net.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below.

For six months ended 30 June	Ecommerce business		Technology and other business		Total	
	2023 HK\$'000	2022 HK\$'000 (restated)	2023 HK\$'000	2022 HK\$'000 (restated)	2023 HK\$'000	2022 HK\$'000 (restated)
Disaggregated by timing of revenue recognition						
Point in time	1,732,032	1,818,314	234	–	1,732,266	1,818,314
Over time	96,301	98,473	–	5,357	96,301	103,830
Revenue from external customers	1,828,333	1,916,787	234	5,357	1,828,567	1,922,144
Inter-segment revenue	–	–	62,437	54,063	62,437	54,063
Reportable segment revenue	1,828,333	1,916,787	62,671	59,420	1,891,004	1,976,207
Reportable segment profit/(loss) (EBITDA)/(EBITDA loss)	120,195	198,452	(31,684)	(18,255)	88,511	180,197
Reportable segment profit/(loss) (adjusted EBITDA)/(adjusted EBITDA loss)	120,050	198,032	(33,778)	(3,929)	86,272	194,103
Interest income	82	2	1	7	83	9
Write-off of receivables and other contract costs, net	–	–	–	(12,171)	–	(12,171)
Inter-segment finance costs	(3,366)	(2,068)	–	–	(3,366)	(2,068)
Depreciation and amortisation for the period (excluded depreciation on other properties leased for own use)	(52,092)	(54,621)	(6,296)	(4,710)	(58,388)	(59,331)
As at 30 June/31 December						
Reportable segment assets	2,009,937	2,040,483	477,081	438,952	2,487,018	2,479,435
<i>Additions to non-current segment assets during the period</i>	101,561	258,135	38,306	324,335	139,867	582,470
Reportable segment liabilities	1,230,829	1,207,252	319,055	259,889	1,549,884	1,467,141

(ii) Reconciliation of reportable segment revenue, profit or loss

	Six months ended 30 June 2023 HK\$'000	Six months ended 30 June 2022 HK\$'000
Revenue		
Reportable segment revenue	1,891,004	1,976,207
Elimination of inter-segment revenue	<u>(62,437)</u>	<u>(54,063)</u>
Revenue (note 3(a))	<u>1,828,567</u>	<u>1,922,144</u>
	Six months ended 30 June 2023 HK\$'000	Six months ended 30 June 2022 HK\$'000 (restated)
Profit		
Reportable segment profit (EBITDA)	88,511	180,197
Income tax credit	5,436	44,980
Interest income	83	9
Depreciation — on property, plant and equipment (excluded depreciation on other properties leased for own use)	(54,139)	(56,988)
Amortisation of intangible assets	(4,249)	(1,540)
Amortisation of other contract costs	—	(803)
Unallocated head office and corporate net income/(expense)	<u>13,054</u>	<u>(38,006)</u>
Profit for the period	<u>48,696</u>	<u>127,849</u>

(iii) Reconciliation of reportable segment assets

	30 June 2023 HK\$'000	31 December 2022 HK\$'000 (restated)
Reportable segment assets	2,487,018	2,479,435
Elimination of inter-segment receivables	(228,268)	(170,990)
Unallocated head office and corporate assets (included inter-segment loan and investments in financial assets)	<u>1,366,584</u>	<u>1,311,067</u>
Consolidated total assets	<u>3,625,334</u>	<u>3,619,512</u>

(iv) Reconciliation of reportable segment liabilities

	30 June 2023 HK\$'000	31 December 2022 HK\$'000 (restated)
Reportable segment liabilities (included inter-segment loan)	1,549,884	1,467,141
Elimination of inter-segment payables	(228,268)	(170,990)
Unallocated head office and corporate liabilities	40,097	114,568
Consolidated total liabilities	<u>1,361,713</u>	<u>1,410,719</u>

(v) Geographic segment information

As majority of the Group's operations are conducted in Hong Kong and majority of the assets are located in Hong Kong, accordingly, no geographical segment information is presented.

4 OTHER INCOME/(EXPENSES), NET

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Bank interest income	9,076	65
Dividend and investment income from other financial assets	3,640	3,497
Interest income from other financial assets	7,727	7,596
Unrealised fair value loss on units in investment funds measured at fair value through profit or loss ("FVPL")	(1,282)	(11,064)
Provision of expected credit losses on debt securities measured at FVOCI	(326)	(32,039)
Rentals from investment properties	11,887	11,887
Net exchange gain/(loss)	5,644	(729)
Government subsidies (<i>note (i)</i>)	21	3,212
Others	5,534	3,209
	<u>41,921</u>	<u>(14,366)</u>

- (i) In 2022, the Group successfully applied for funding support which were mainly from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their Talents. Under the terms of the grant, the Group is required to maintain the number of subsidised headcounts during the subsidy period and to spend all the funding on paying wages to the Talents. Certain funding was received during the six months ended 30 June 2023.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs		
Interest on lease liabilities	8,069	5,549
Bank charges	308	211
	<u>8,377</u>	<u>5,760</u>
(b) Other items		
Advertising and marketing expenses (excluding HK\$22,190,000 (six months ended 30 June 2022: HK\$22,015,000) being deducted in turnover)	55,321	44,680
Depreciation		
— owned property, plant and equipment	41,857	46,565
— right-of-use assets	99,377	86,210
Amortisation of intangible assets	6,674	7,277
Amortisation of other contract costs	—	803
Loss/(gain) on disposal of property, plant and equipment	190	(186)
Outsourced fulfilment expenses	130,007	139,739
Payment processing charges	44,804	47,192
Owned motor vehicles running expenses	22,154	20,489
Software licenses and registration fee	11,382	13,676
Write-off of receivables and other contract costs, net	—	12,171
Utilities, consumables and office expenses	27,516	21,807
	<u>414,985</u>	<u>405,341</u>
(c) Talent costs		
Wages and salaries	425,350	402,921
Retirement benefit costs-defined contribution plans	15,641	15,532
Equity-settled share-based payment expenses	(1,117)	1,672
Less: Talent costs capitalised as intangible assets and other contract costs	(24,889)	(14,784)
	<u>414,985</u>	<u>405,341</u>

Talent costs include all compensation and benefits paid to and accrued for all individuals employed by the Group, including Directors.

6 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	Six months ended					
	30 June 2023			30 June 2022		
	Before-tax amount HK\$'000	Tax expense HK\$'000	Net-of-tax amount HK\$'000	Before-tax amount HK\$'000	Tax expense HK\$'000	Net-of-tax amount HK\$'000
Equity instruments designated at FVOCI — net movement in fair value reserve (non-recycling)	2,279	—	2,279	484	—	484
Exchange difference on translation of financial statements of overseas subsidiaries	(683)	—	(683)	554	—	554
Debt securities measured at FVOCI — net movement in fair value reserve (recycling)	2,896	—	2,896	(9,372)	—	(9,372)
Other comprehensive income	4,492	—	4,492	(8,334)	—	(8,334)

(b) Components of other comprehensive income, including reclassification adjustments

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Equity instruments designated at FVOCI — net movement in fair value reserve (non-recycling):		
— Changes in fair value recognised during the period	2,279	484
Debt securities measured at FVOCI — net movement in fair value reserve (recycling):		
— Changes in fair value recognised during the period	2,570	(41,411)
— Reclassified to profit or loss for provision of expected credit loss	326	32,039
	2,896	(9,372)

7 INCOME TAX CREDIT

The provision for Hong Kong Profits Tax for the six months ended 30 June 2023 is calculated at 16.5% (six months ended 30 June 2022: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime which the first HK\$2,000,000 of assessable profits are taxed at 8.25% (six months ended 30 June 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2022: 16.5%).

Taxation for overseas branch of a subsidiary is calculated at 20% (six months ended 30 June 2022: 20%) of the estimated assessable profits for the period.

The amount of income tax credit in the consolidated income statement represents:

	Six months ended	
	30 June	30 June
	2023	2022
	HK\$'000	HK\$'000
Current taxation		
Hong Kong Profits Tax	–	(309)
Overseas	(952)	(448)
Deferred taxation		
Origination and reversal of temporary differences	<u>6,248</u>	<u>45,360</u>
	<u>5,296</u>	<u>44,603</u>

8 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to profit for the period:

	Six months ended	
	30 June	30 June
	2023	2022
	HK\$'000	HK\$'000
No interim dividend declared after the end of the reporting period (for six months ended 30 June 2022: HK8 cents) per share	<u>–</u>	<u>73,729</u>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the period of HK\$48,696,000 (six months ended 30 June 2022: HK\$127,849,000) and the weighted average of 923,521,000 ordinary shares (six months ended 30 June 2022: 920,240,000 shares) in issue during the period.

The calculation of diluted earnings per share for the period ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company for the period of HK\$48,696,000 (six months ended 30 June 2022: HK\$127,849,000) and the weighted average number of ordinary shares of 944,696,000 (six months ended 30 June 2022: 949,877,000), after adjusting for the effect of dilutive potential ordinary shares under share option scheme during the period.

10 OTHER FINANCIAL ASSETS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Equity instruments designated at FVOCI (non-recycling)		
— Equity securities	23,334	21,620
— Perpetual bonds	71,526	59,480
	94,860	81,100
Debt securities measured at FVOCI (recycling)		
— Maturity dates within 1 year	113,115	51,742
— Maturity dates over 1 year	119,152	162,790
	232,267	214,532
Units in investment funds measured at FVPL	48,042	48,901
	375,169	344,533
Representing		
— Non-current portion	262,054	292,791
— Current portion	113,115	51,742
	375,169	344,533

All of these financial assets were carried at fair value as at 30 June 2023 and 31 December 2022.

11 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Accounts payable (<i>note (a)</i>)	<u>376,003</u>	<u>354,627</u>
Contract liabilities	213,869	245,797
Other payables and accrued charges (<i>note (b)</i>)	<u>221,537</u>	<u>197,868</u>
	<u>435,406</u>	<u>443,665</u>
	<u>811,409</u>	<u>798,292</u>

(a) The aging analysis of the accounts payable is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Current–30 days	365,995	340,717
31–60 days	4,461	6,045
61–90 days	877	2,170
Over 90 days	<u>4,670</u>	<u>5,695</u>
	<u>376,003</u>	<u>354,627</u>

(b) Other payables and accrued charges

Other payables and accrued charges primarily consist of accruals for Talent salaries and related costs, payables for purchase of property, plant and equipment, outsourced manpower services expenses and advertising and promotional expenses.

12 CAPITAL AND RESERVES

	Note	Attributable to equity shareholders of the Company								Total equity HK\$'000
		Share capital HK\$'000	Retained profits HK\$'000	Revaluation reserve HK\$'000	Fair value reserve		Exchange reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	
					Fair value reserve (recycling) HK\$'000	(non-recycling) HK\$'000				
Balance at 1 January 2023		1,800,972	203,377	183,338	(10,884)	(10,751)	589	44,493	(2,341)	2,208,793
Changes in equity for the six months ended 30 June 2023:										
Profit for the period		-	48,696	-	-	-	-	-	-	48,696
Other comprehensive income	6	-	-	-	2,896	2,279	(683)	-	-	4,492
Total comprehensive income		-	48,696	-	2,896	2,279	(683)	-	-	53,188
Shares issued under share option scheme		3,389	-	-	-	-	-	(632)	-	2,757
Equity-settled share-based transactions		-	-	-	-	-	-	(1,117)	-	(1,117)
Transfer of gain on disposal of equity instruments designated at FVOCI to retained profits		-	172	-	-	(172)	-	-	-	-
Balance at 30 June 2023		1,804,361	252,245	183,338	(7,988)	(8,644)	(94)	42,744	(2,341)	2,263,621

	Note	Attributable to equity shareholders of the Company									Total equity HK\$'000	
		Share capital HK\$'000	Retained profits HK\$'000	Revaluation reserve HK\$'000	Fair value reserve		Exchange reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Total Non-controlling interests HK\$'000		
					Fair value reserve (recycling) HK\$'000	(non-recycling) HK\$'000						
Balance at 1 January 2022		1,774,173	64,967	183,338	(2,345)	(3,935)	2	47,409	(1,826)	2,061,783	(515)	2,061,268
Changes in equity for the six months ended 30 June 2022:												
Profit for the period		-	127,849	-	-	-	-	-	-	127,849	-	127,849
Other comprehensive income	6	-	-	-	(9,372)	484	554	-	-	(8,334)	-	(8,334)
Total comprehensive income		-	127,849	-	(9,372)	484	554	-	-	119,515	-	119,515
Shares issued under share option scheme		21,267	-	-	-	-	-	(3,975)	-	17,292	-	17,292
Equity-settled share-based transactions		-	-	-	-	-	-	1,672	-	1,672	-	1,672
Acquisition of additional interest in a subsidiary		-	-	-	-	-	-	-	(515)	(515)	515	-
Transfer of gain on disposal of equity instruments designated at FVOCI to retained profits		-	(35)	-	-	35	-	-	-	-	-	-
Balance at 30 June 2022		1,795,440	192,781	183,338	(11,717)	(3,416)	556	45,106	(2,341)	2,199,747	-	2,199,747

13 COMPARATIVE FIGURES

In view of more diversified businesses the Group currently operates, the management changed the composition of the reporting segments and the presentation of the segment information as disclosed in note 3. Accordingly, the comparative information in note 3 has been restated to conform with the current period's presentation.

TALENT REMUNERATION

Including the Directors, as at 30 June 2023, the Company had 2,153 permanent full-time Talents versus 2,186 as at 31 December 2022. The Company provides remuneration package consisting of basic salary, bonus and other benefits. Bonus payments are discretionary and dependent on both the Company's and individual performances. The Company also provides comprehensive medical insurance coverage, competitive retirement benefits schemes, staff training programs and operates share option schemes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2023, the Company complied with all the applicable Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except as listed below.

CG Code provision B.2.4(b)

Pursuant to CG Code provision B.2.4(b), if all the independent non-executive directors ("INEDs") of an issuer have served on the board of the issuer for more than nine years, the issuer should appoint a new INED at the forthcoming annual general meeting for the financial year commencing on or after 1 January 2023.

The Company did not comply with this code provision during the period based upon the following reasons:

(1) The existing INEDs remain independent

They have satisfied the criteria of independence as set out in the Listing Rules:

- (i) they are not employees of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons of the Company immediately prior to their appointment date of INED;
- (ii) they are not connected with a director, the chief executive or a substantial shareholder of the Company at any time;
- (iii) they do not hold any share of the Company;
- (iv) they have not received any interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself; and
- (v) they have no equity-based remunerations.

(2) The existing board governance continues to be effective

The existing Board composition is sufficient to maintain a balanced and effective board governance.

Retaining the existing Board composition provide continuity and stability to the Board and the Company.

The existing INEDs possess the necessary skills, knowledge and experience which allow them to contribute extensive valuable insights and expertise to the Board.

(3) Appoint only the right candidate

Given the disruptive and fast-paced business nature of the Group, the Company always take great care in selecting the right candidate to complement the existing Board members. The Company maintains an ongoing process to identify and evaluate qualified candidates who will provide critical skills and experience to further strengthen the Board.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 of the Listing Rules as the code of conduct for securities transactions by Directors of the Company (“Company Code”).

Having made specific enquiry with the Directors, all of them have confirmed that they have fully complied with the required standard set out in the Model Code and the Company Code throughout the six months ended 30 June 2023.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”) has reviewed and discussed with the management of the Company the unaudited interim results of the Company for the six months ended 30 June 2023.

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Lee Hon Ying, John (the Chairman of the Audit Committee), Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.

DIVIDEND POLICY AND INTERIM DIVIDEND

The Board has adopted a dividend policy with aims to give reasonable returns on investment to investors and shareholders whilst maintaining the Company’s sustainable growth by retaining sufficient capital and reserves.

The Company expects to distribute dividends in the amount of 30%–60% of the adjusted EBITDA per the existing dividend payout guidance. If any significant investment opportunity arises, the Board will review this guidance.

The proposal of payment and determination of amount of any dividend is made at the discretion of the Board, taking into account factors including:

1. The Company's prevailing and expected results of operations and profitability;
2. The Company's liquidity position;
3. The Company's capital investment plans (including investment opportunities and development plans); and
4. Market condition.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: HK8 cents per ordinary share of the Company) for retaining liquidity to support the 5-year fulfilment construction, machinery and related CAPEX plan, new ventures investment and the share repurchase programme.

By Order of the Board
Hong Kong Technology Venture Company Limited
Cheung Chi Kin, Paul
Chairman

Hong Kong, 30 August 2023

As at the date of this announcement, the Board comprises:

Executive Directors:

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 and Company Secretary*)
Mr. Lau Chi Kong (*Chief Executive Officer (International Business)*)
Ms. Zhou Huijing (*Chief Executive Officer (Hong Kong)*)

Independent Non-executive Directors:

Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin