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

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

PROFIT WARNING
FOR THE SIX MONTHS ENDED 30 JUNE 2024

This announcement is made by Hong Kong Technology Venture Company Limited (“**Company**” and together with its subsidiaries, “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (“**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that despite the challenging local retail operating environment facing pressure from slow economic recovery and the changing consumption patterns of visitors and residents, the Group has achieved an encouraging performance for the six months ended 30 June 2024 (“1H2024”) as follows:

1. A year-on-year growth by 4.9% on the Group’s Gross Merchandise Value (“GMV”) on Order Intakeⁱ reaching HK\$4,235.5 million (for the six months ended 30 June 2023 (“1H2023”): HK\$4,038.1 million); and
2. Continued offline to online consumer conversion with approximately 1.22 million unique customers who made purchases at HKTVMall in 1H2024 versus approximately 1.16 million during 1H2023.

In spite of the above, based on the preliminary review of the unaudited consolidated management accounts of the Group for 1H2024 and the information currently available, the Group expects to record an unaudited loss for the period between HK\$25.0 million to HK\$30.0 million and an unaudited adjusted EBITDAⁱⁱ between HK\$35.0 million to HK\$40.0 million for 1H2024, as compared to the unaudited profit of HK\$48.7 million and unaudited adjusted EBITDA of HK\$82.6 million for 1H2023.

The unaudited loss for the period and the decrease in the unaudited adjusted EBITDA for 1H2024 was mainly attributable to the following key reasons:

1. Start-up adjusted EBITDA losses incurred for New Venture projects, which are expected to operate at a loss in the initial stages, as mentioned in the Group's 2023 annual results announcement dated 27 March 2024. These losses are a necessary investment in the Group's long-term growth strategy and the development of innovative products and services;
2. Certain material non-cash items which do not impact the Group's core operations or cash flow:
 - a. Valuation losses on investment properties based on the valuations carried out by an independent firm of surveyors. This non-cash adjustment reflects the current market conditions;
 - b. Increase in depreciation (excluded depreciation on other properties leased for own use) and amortisation on intangible assets in 1H2024;
 - c. Exchange losses were incurred due to depreciation of certain major foreign currencies in 1H2024, in contrast to the appreciation observed in 1H2023;
 - d. Decrease in recognition of deferred tax credit in 1H2024.

The Company is still in the process of finalising the interim results of the Group for 1H2024. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts and the latest information currently available, which have not been reviewed by the auditor or the audit committee of the Company and may be subject to adjustments. Finalised interim results of the Group for 1H2024 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read the Group's interim results announcement for 1H2024, which is expected to be published on 23 August 2024.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information and are advised to exercise caution in dealing in the Company's securities.

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

Hong Kong, 16 August 2024

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

Mr. Ann Yu Chiu Andy

Notes:

- i. Gross Merchandise Value (“GMV”) on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discount offered by the marketplace, rebate used, cancellation and returns of merchandise sold.
- ii. Adjusted EBITDA means (loss)/profit for the period plus interest on bank loans (excluded finance costs-interest on lease liabilities), income tax expense/(credit), depreciation of property, plant and equipment (excluded depreciation on other properties leased for own use), amortisation of contract costs and amortisation of intangible assets and deduct investment returns, adjusted by major non-cash items, excluded non-recurring items including government subsidies. 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.