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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 2024

#### GROUP FINANCIAL HIGHLIGHT

1. Despite the challenging local retail operating environment, the Group's Hong Kong Ecommerce business continued to demonstrate stable growth performance in 1H2024 generating an adjusted EBITDA<sup>1</sup> (at cost basis) of HK\$133.8 million. The positive results have offset the start-up losses from various New Venture projects with aggregated adjusted EBITDA loss (at cost basis) of HK\$84.5 million; though, the Group still recorded a net loss during this period.
  - a. Group GMV on order intake<sup>2</sup> reached HK\$4,235 million in 1H2024 (1H2023: HK\$4,038 million);
  - b. Adjusted EBITDA at HK\$37.6 million in 1H2024 (1H2023: HK\$82.6 million) and adjusted free cash flow<sup>3</sup> at HK\$47.3 million in 1H2024 (1H2023: free cash outflow of HK\$26.6 million); and
  - c. Net loss of HK\$27.5 million in 1H2024 (1H2023: profit of HK\$48.7 million) as a result of losses incurred for New Ventures and Technology business and increase in certain non-cash items.
2. Strong balance sheet with net cash and liquidity position of HK\$989.9 million (31 December 2023: HK\$935.4 million).

#### HONG KONG ECOMMERCE BUSINESS HIGHLIGHT

1. GMV on order intake in 1H2024 of HK\$4,104.5 million, representing 2.5% growth (1H2023: HK\$4,005.2 million);
2. Adjusted EBITDA (at cost basis) as a % of GMV on completed orders<sup>4</sup> at 3.3% reaching HK\$133.8 million in 1H2024 (1H2023: 3.3% reaching HK\$132.7 million);
3. Achieved an overall gross profit margin and blended commission rate<sup>5</sup> for 1P and 3P Business of 22.9% in 1H2024 (1H2023: 22.3%);
4. During 1H2024, we had 1,218,000 unique customers who made purchases at HKTVMall, a growth of 5.3% (1H2023: 1,157,000 unique customers).

#### NEW VENTURES AND TECHNOLOGY BUSINESS HIGHLIGHT

1. During 1H2024, an aggregated GMV on order intake of HK\$130.9 million (1H2023: HK\$32.9 million) was achieved by the New Venture projects, representing 297.9% growth;
2. An adjusted EBITDA loss (at cost basis) of approximately HK\$84.5 million was incurred in 1H2024 (1H2023: HK\$48.0 million). The increase in loss was mainly due to the growing operating costs incurred for New Venture projects, particularly for expanding business scale for Wet Market Express and Everuts, and increase in allocated uncapped research and development costs and supporting costs.

<sup>1</sup> 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) and amortisation of intangible assets and deduct investment returns, adjusted by major non-cash items, excluded non-recurring items including government subsidies. Adjusted EBITDA profit 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.

<sup>2</sup> 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.

<sup>3</sup> Adjusted free cash flow means adjusted EBITDA plus investment returns, tax refund (paid), changes in working capital and depreciation of properties leased for own use and deduct payment for the purchase of property, plant and equipment, payment for the addition to intangible assets and capital element of lease rentals paid. Adjusted free cash flow is not a measure of performance under 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.

<sup>4</sup> 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.

<sup>5</sup> 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,

As mentioned in our 2023 Annual Results, the current external and global economic and political environment remains complicated. Hong Kong's economy and society are undergoing a period of transformation, while the demographic composition and consumer consumption patterns in Hong Kong keep changing. At the same time, the new trend of cross-border consumption brings significant competition pressure to the Hong Kong retail industry. Therefore, we have become more determined to seek changes actively since 2022 not only to reinforce HKTVmall's leading position in the Hong Kong Ecommerce industry, but more importantly, to explore different business models and even eye on international markets, to invest in New Ventures and Technology business. We believe that instead of just focusing on the existing achievements and being a stick-in-the-mud, the Group can only keep its unique advantages by maintaining our innovative spirit and trying different new things.

In the first half of 2024, the Hong Kong retail industry was still facing certain challenges, particularly from the extensive outbound travel and competition from physical stores and online platforms from the Mainland. According to the latest figures from the Census and Statistics Department, the estimated total retail sales and value of online sales in the first half of 2024 dropped 6.5% and 0.3%\* respectively, compared to the same period last year. The Group managed to record steady growth, with total GMV on order intake (including Hong Kong Ecommerce business and New Ventures and Technology businesses) reached about HK\$4,235.5 million, representing a 4.9% growth compared to the same period last year, outperforming the overall performance of Hong Kong's retail industry. Nevertheless, we will not be complacent and lax. Instead, we have to seize our current advantages and seek opportunities for innovative transformation.

Stepping into the tenth year of running its Ecommerce business, the Group has been adhering to the core values of "Continuously Striving for the Best in Life, Always Something New, and Make Everything Possible", tackling challenges that were believed to be "impossible to be solved" and putting things that were believed to be "impossible to be done" into reality. We firmly believe that HKTVmall and the Group can only go further when we dare to adventure and always choose to take challenges.

The Group is actively promoting two innovative business models – Wet Market Express, the express delivery service of fresh food, and Everuts, a global personal shopping platform. Although these new venture projects are facing significant difficulties and challenges, our team is working hard to overcome these issues one by one. Both Wet Market Express and Everuts carry an important mission of expanding the online shopping scope for the Group, enabling customers to enjoy our services from buying fresh food in wet markets, various supermarket groceries, skincare and cosmetics, to luxury branded handbags. Fresh food from the wet markets and luxury branded products possess a uniqueness that makes them the only services hard to be replaced by the large online shopping platform from the Mainland. If our services are limited to HKTVmall like currently, perhaps in five years' time, like many companies founded in Hong Kong, we will be acquired by large corporations and Mainland enterprises, or even forced to withdraw from the market.

Due to the relatively high operational costs for Wet Market Express, it is challenging for general operators to enter the market, and even large operators may not be willing to invest substantial resources to develop the service. However, for HKTVmall, the above factor creates much space for development and more possibilities. Therefore, in the first half of 2024, we have been actively putting in advertising and marketing resources, launching several large-scale marketing activities, putting our effort into promoting the service to HKTVmall's user base of over 1.6 million while actively acquiring new customers to extend our business scale to reduce the operational cost per order.

Everuts has commenced its operation for one and a half years since its launch in January 2023. Our personal shopper network has grown over thousand, covering more than 25 countries and regions globally, providing global purchasing services for consumers in Hong Kong, Macau and Thailand, and we will also promote Everuts' services to other Asian countries. Some may question if customers need this kind of shopping model provided by Everuts, given that various foreign purchasing services exist in Hong Kong and the convenience of outbound travel.

Everuts aims to provide a reliable and credible platform for global consumers and personal shoppers, ensuring that both parties receive corresponding services and returns for their efforts. Everuts allows us to offer customers infinite online shopping options that extend far beyond the one to two million products available on HKTVmall. Everuts refines online shopping in the way that as long as our customers want to buy the products, the personal shoppers will strive to purchase them. Our team has revamped Everuts' user interface to make it simpler and more user-friendly while providing more shopping information. Everuts also joined hands with HKTVmall to launch mega promotional activities, aiming to attract more consumers to try this new service.

As the leader in the industry, we must engage in diversified development and persist in trying new approaches when encountering the complex and dynamic business environment in the future; when facing difficulties we will only keep thinking to sort things out, and refuse to give up. In the coming years, with the support from the solid performance of HKTVmall, the Group will keep strengthening investments and explore new businesses to bring long-term returns to our shareholders.

**Cheung Chi Kin, Paul**

*Chairman*

**Wong Wai Kay, Ricky**

*Vice Chairman*

Hong Kong, 23 August 2024

\*Source: [https://www.censtatd.gov.hk/en/web\\_table.html?id=620-67002](https://www.censtatd.gov.hk/en/web_table.html?id=620-67002), and the estimated total retail sales exclude the retail sales value of Fuels, Motor vehicles and parts, and Optical shops.

## BUSINESS REVIEW<sup>6</sup>

The Group's core business segment, the Hong Kong Ecommerce business, continues to dominate Hong Kong's online retail sector. Alongside with the Wet Market Express and Everuts under the New Ventures and Technology Business, we have once again outperformed the overall Hong Kong retail sector for the six months ended 30 June 2024 ("1H2024"). The Group achieved a total Gross Merchandise Value ("GMV") on Order Intake of HK\$4,235.5 million in 1H2024, representing a year-on-year growth of 4.9% compared to the same period in 2023 ("1H2023"), while the overall retail market experienced a decline of 6.5% in retail sales value during 1H2024<sup>7</sup>.

Our remarkable performance is not a result of luck; it is the culmination of the hard work and dedication of the entire HKTV Group team and our commitment to our core values: "Continuously striving for the best in life", "Always something new", and "Make everything possible". Our focus on innovation, resilience, and determination propels the Group forward, enabling us to navigate challenges and seize new opportunities. Together, we will continue to redefine the Ecommerce landscape and expand our global presence beyond Ecommerce.

### Hong Kong Ecommerce Business

Hong Kong Ecommerce business represents HKTVmall including Third-Party Logistics ("3PL") service and ThePlace.

In 1H2024, despite the challenging local retail operating environment facing pressure from slow economic recovery and the changing consumption patterns of visitors and residents, Hong Kong Ecommerce business has achieved an encouraging performance for 1H2024 as follows:

1. GMV on Order Intake reached HK\$4,104.5 million (1H2023: HK\$4,005.2 million), represented a 2.5% year-on-year increment, while the department store sector and the supermarket sector in Hong Kong has encountered a year-on-year decline by 14.1% and 1.4% in 1H2024<sup>8</sup>;

<sup>6</sup> In the 2023 annual results, the management has updated the composition of the Hong Kong Ecommerce business segment and the New Ventures and Technology business segment to better reflect the segment performance according to the service nature, allocation of resources, and performance assessment of the lines of business. The changes are as follows:

- a. The addition of Third-Party Logistics (3PL) service to the Hong Kong Ecommerce business segment as an expansion of fulfilment options to fulfill HKTVmall's customer orders.
- b. The addition of ThePlace to the Hong Kong Ecommerce business segment as an extension of the partnership options for retailers joining HKTVmall.
- c. The reallocation of Wet Market Express to the New Ventures and Technology business segment due to its distinct business model, which requires separate resource allocation and performance evaluation.

As a result of these updates, certain comparative figures have been updated to reflect the above changes accordingly.

<sup>7</sup> Source: [https://www.censtatd.gov.hk/en/web\\_table.html?id=620-67002](https://www.censtatd.gov.hk/en/web_table.html?id=620-67002), excluding the retail sales value of Fuels, Motor vehicles and parts, and Optical shops.

<sup>8</sup> Source: [https://www.censtatd.gov.hk/en/web\\_table.html?id=620-67002](https://www.censtatd.gov.hk/en/web_table.html?id=620-67002)

2. The monthly active HKTVmall App users<sup>9</sup> is on up trend reaching 1,647,000 users in June 2024 (June 2023: 1,581,000 users);
3. Continued offline to online consumer conversion with approximately 1,218,000 unique customers who made purchases at HKTVmall in 1H2024 versus approximately 1,157,000 unique customers during 1H2023, representing a net addition of approximately 61,000 unique customers;
4. Improved quarterly average purchase frequency per customer at 4.9x in the second quarter of 2024 (“2Q2024”) (For the fourth quarter of 2023 (“4Q2023”): 4.6x); and
5. Stabilised quarterly average main categories purchased per customer at 2.9 main categories in 2Q2024 (4Q2023: 2.9 main categories).

Beyond the fundamental structural changes in customers’ shopping behavior that we have nurtured over the past years, the segment’s strong performance was primarily driven by our continued efforts to enrich and expand product choices for our customers. Additionally, the introduction of innovative channels on the HKTVmall App has significantly increased customer engagement and loyalty over the period.

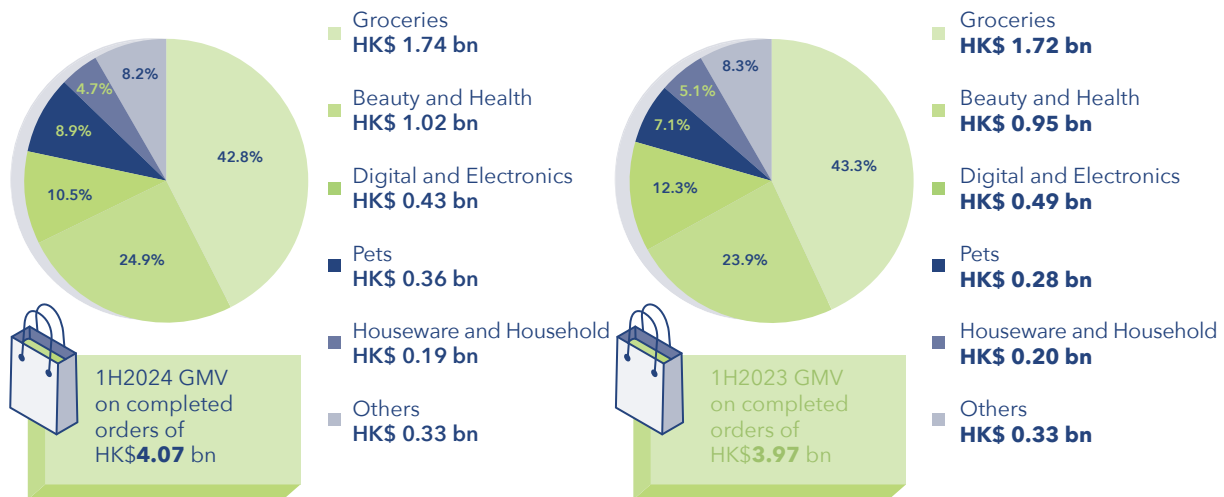
### ***Recurring Traffic Catalyst to drive Multi-product Categories Expansion***

On order completion basis, the Hong Kong Ecommerce business generated a GMV of HK\$4,068.9 million in 1H2024 compared to HK\$3,966.9 million in 1H2023. Despite the economic and social challenges prevailing in the market, which made aggressive business growth more difficult, we still achieved a 2.6% increase in GMV on completed orders.

The performance of major product categories is illustrated in the graph below, highlighting a remarkable 28.6% year-on-year growth in the Pets product category. This significant growth can be primarily attributed to the successful implementation of a competitive commission scheme introduced in 2021, which has driven exceptional growth since 2023.

<sup>9</sup> 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.

*Product categories distribution by GMV on Completed Orders*



*Improving Gross Margin with Stable 1P and 3P mix*

We continue to successfully implement the hybrid business model at HKTVmall, which combines Direct Merchandise Sales (“1P Business”) and Merchant Concessionaire Sales (“3P Business”). This approach ensures consistent and stable supplies of groceries for recurring traffic, while also enlarging the merchant and product choices to enrich consumer options and leverage the advantages of the long tail effect. In 1H2024, the proportion between 1P Business and 3P Business remained stable at 29.4% and 70.6% of total GMV on completed orders respectively, compared to 29.8% and 70.2% in 1H2023.

*Gross profit margin and blended commission rate*

In thousands of Hong Kong dollars unless specified except for ratios

	<b>For the six months ended 30 June 2024 HK\$'000</b>	For the six months ended 30 June 2023 HK\$'000 (restated)
<b>On completed orders and on adjusted basis<sup>4</sup></b>		
<b>Direct merchandise sales</b>		
GMV on completed orders <sup>4,10</sup>	<b>1,196,088</b>	1,183,304
Cost of inventories	<b>(897,619)</b>	(904,976)
Gross profit	<b>298,469</b>	278,328
Gross profit margin	<b>25.0%</b>	23.5%
<b>Income from concessionaire sales and other service income</b>		
GMV on completed orders <sup>4</sup>	<b>2,872,773</b>	2,783,570
Merchant payments (net off by other service income)	<b>(2,238,391)</b>	(2,177,350)
Income from concessionaire sales and other service income <sup>11</sup>	<b>634,382</b>	606,220
Blended commission rate	<b>22.1%</b>	21.8%
<b>Total GMV on completed orders<sup>4</sup></b>	<b>4,068,861</b>	3,966,874
<b>Total gross profit and income from concessionaire sales and other service income<sup>10,11</sup></b>	<b>932,851</b>	884,548
<b>Total gross profit margin and blended commission rate</b>	<b>22.9%</b>	22.3%
<b>Multimedia advertising income and licensing of programme rights</b>		
Multimedia advertising income	<b>65,390</b>	59,932
Other programme license	<b>–</b>	8
	<b>65,390</b>	59,940
Gross contribution from Hong Kong Ecommerce business segment	<b>998,241</b>	944,488
Income from New Ventures and Technology business segment	<b>23,475</b>	1,293
Gross contribution from Ecommerce and New Ventures and Technology business segments	<b>1,021,716</b>	945,781

<sup>10</sup> For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK\$5,059,000 (1H2023: HK\$474,000) and use of promotional coupon of HK\$18,570,000 (1H2023: HK\$20,447,000).

<sup>11</sup> For income from concessionaire sales and other service income, it is before the addition of net HKTVmall dollars of HK\$1,787,000 (1H2023: deduction of HK\$1,269,000) and included merchant annual fee amortisation and other service income.

The total gross profit margin and blended commission rate at Hong Kong Ecommerce business increased to 22.9% in 1H2024 (1H2023: 22.3%) mainly caused by the following factors:

1. Deliberate 1P Business gross profit margin improvement to 25.0% (1H2023: 23.5%)

During the period under review, the Group made deliberate efforts to improve the gross margin for the 1P Business. This included proactive pricing strategy and cost management, as well as the expansion of suppliers' sources, including overseas direct imports.

2. Growing 3P Business with stabilised blended commission rate at 22.1% (1H2023: 21.8%)

3P Business is composed of commissions and other service income earned from concessionaire sales at HKTVmall and ThePlace, and service income from 3PL service. The multiple business models, warehouse fulfilment options and last mile delivery options available to merchants have largely enhanced the merchant base and product choices, as well as delivery lead time.

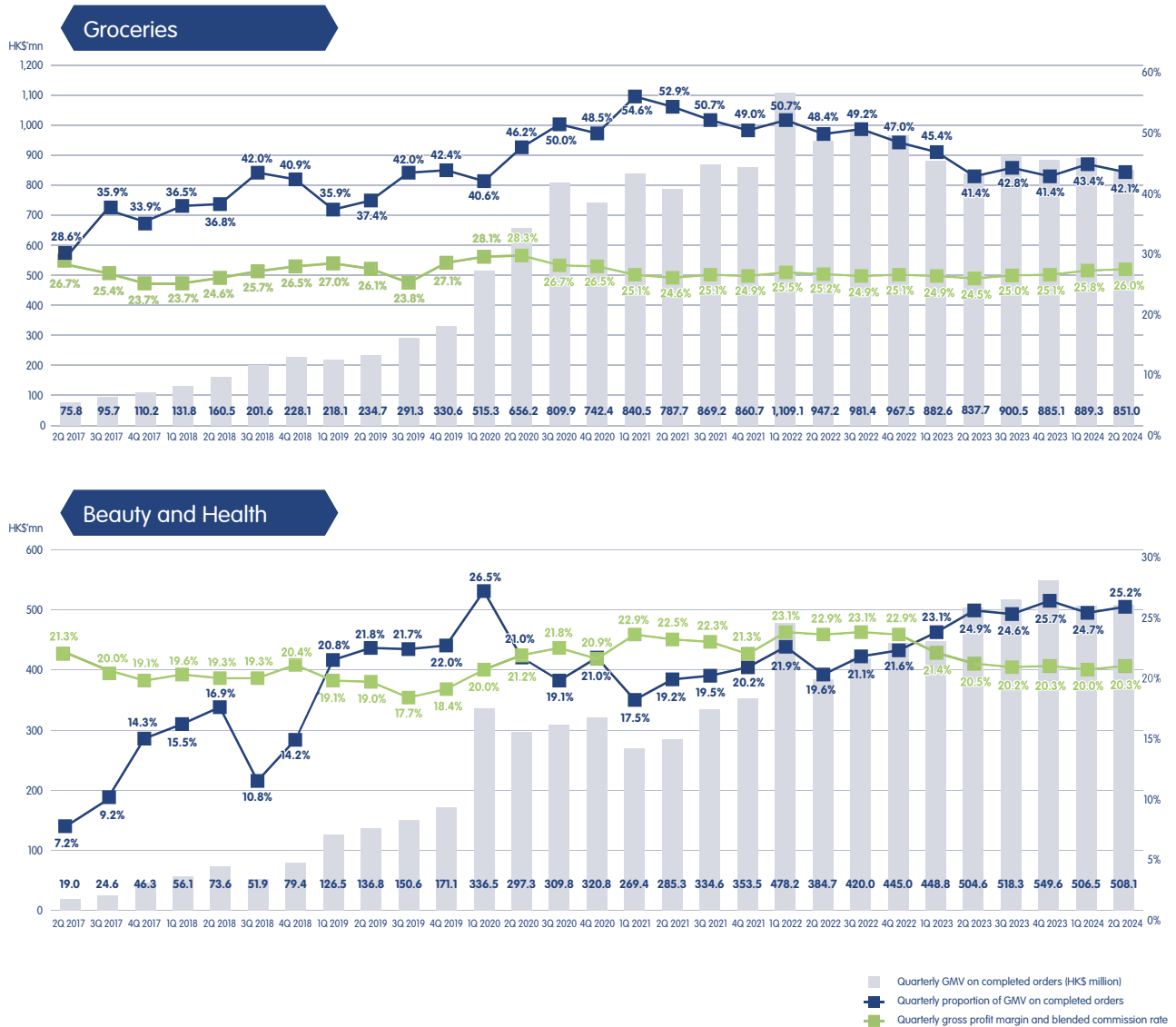
Supplemented by the expanding supplier sources under the 1P Business, the breadth and depth of product offerings on our Ecommerce platforms has largely expanded. As of June 2024, the Hong Kong Ecommerce business offers over 1,900,000 product items to consumers, a significant increase from the 1,300,000 product items available in June 2023. These products were offered by approximately 6,800 merchants and suppliers in June 2024 (June 2023: approximately 5,400) to support the growth of the Hong Kong Ecommerce business.

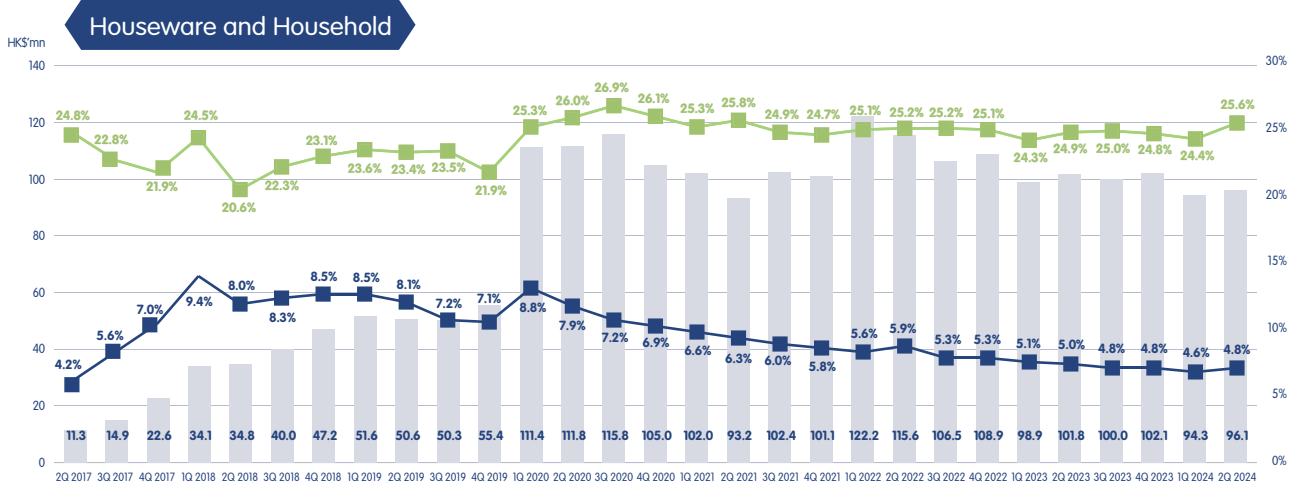
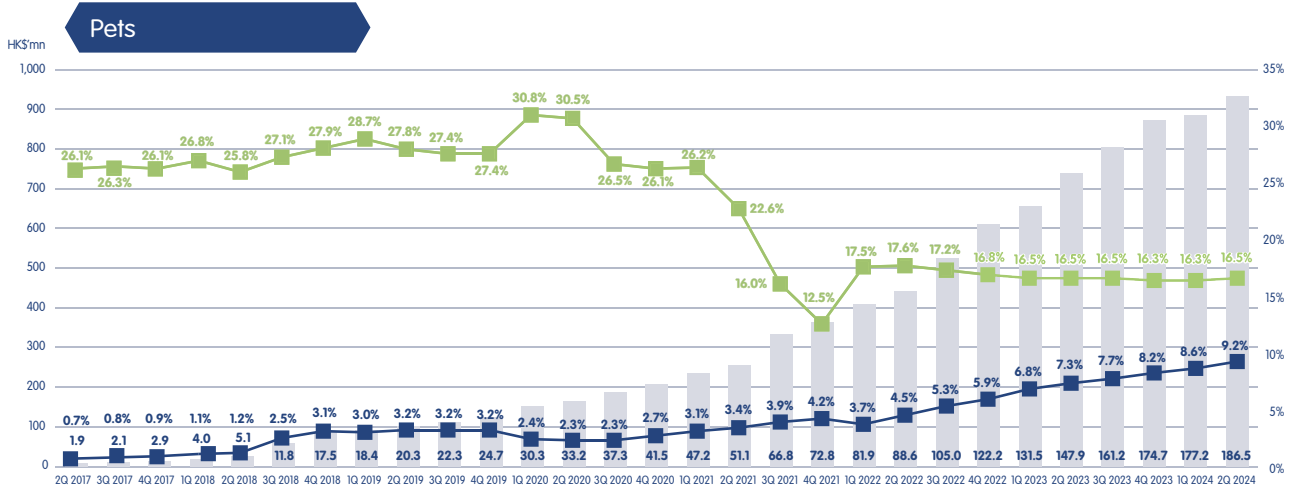
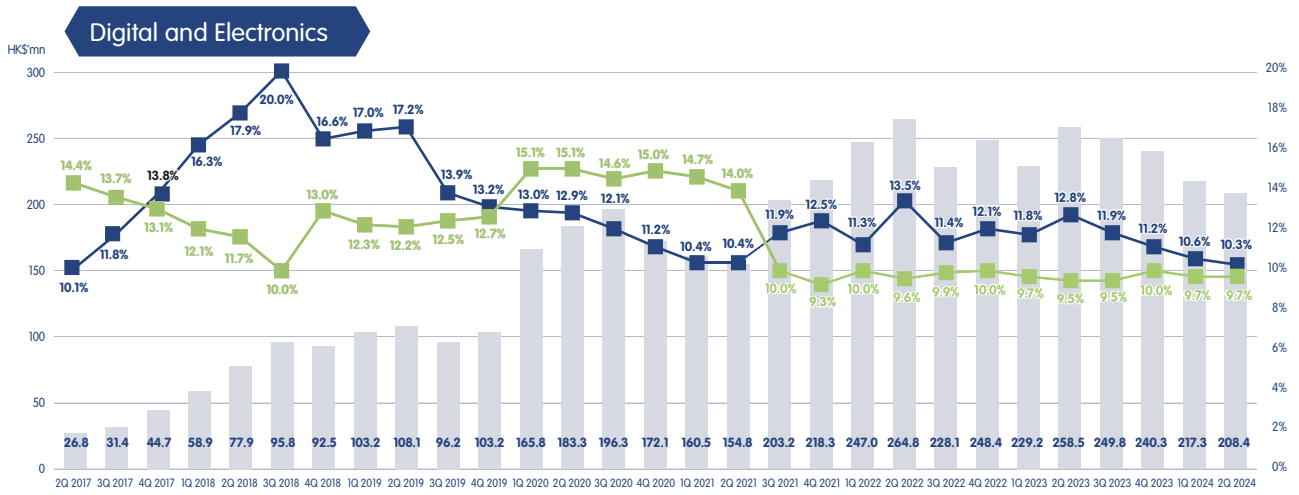
3. Sustained multimedia advertising income of HK\$65.4 million (1H2023: HK\$59.9 million)

Despite the challenging operating environment in Hong Kong, we managed to have a 9.1% growth on multimedia advertising income in 1H2024. This reflects the successful adoption of digital channels by our suppliers, merchants, and business partners, aided by our continuous investment in expanding ad formats and interactive promotional and product introduction channels at the Hong Kong Ecommerce platforms.

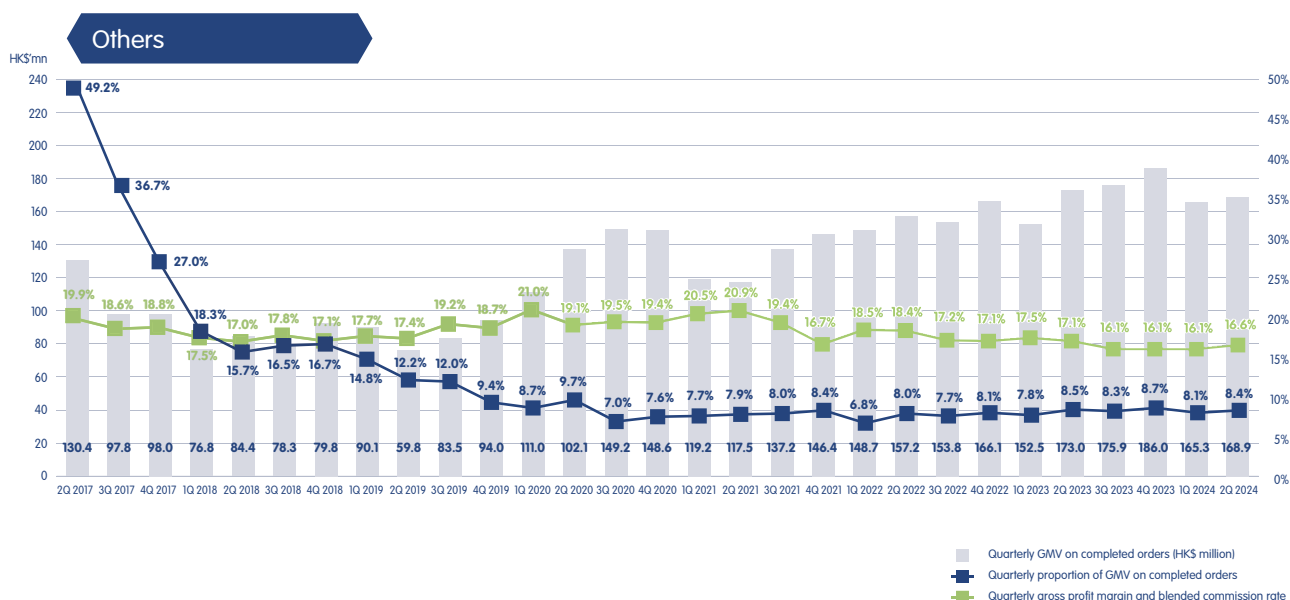


On product category basis, the gross profit margin and blended commission rate trend is summarised as below:





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



### ***Planned and Disciplined Fulfilment Cost Efficiency***

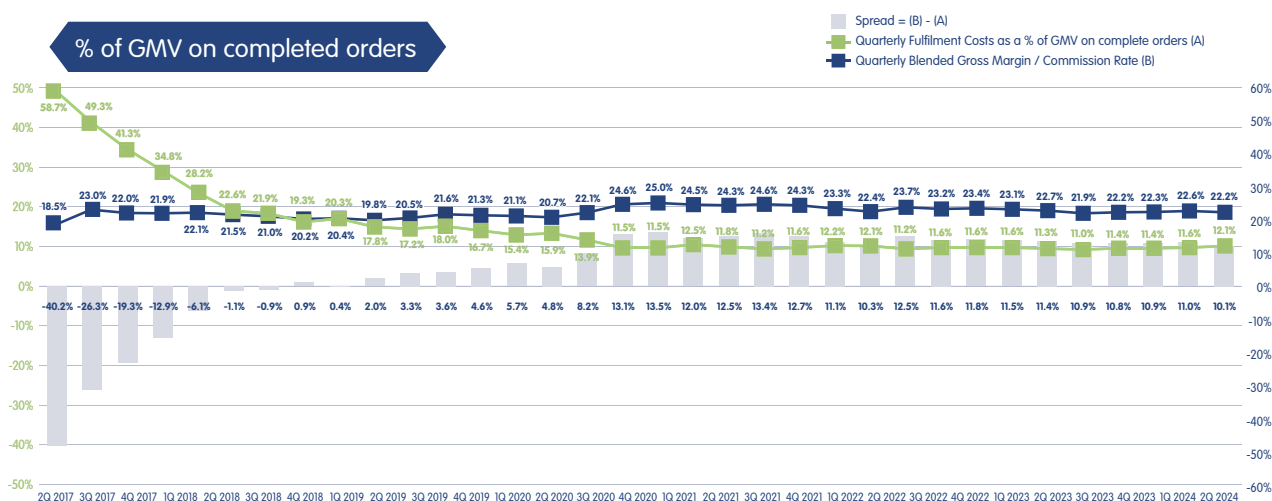
The fulfilment costs as a % of GMV on completed orders for Hong Kong Ecommerce business (including HKTVmall and 3PL service operating costs) has increased in 1H2024, particularly in the 2Q2024.

This increase was anticipated due to two major strategic initiatives launched during the period under review which shall take time to increase adoption and to drive cost efficiency:

1. Lowering the free delivery and shop pick up threshold for VIP, Gold VIP and Diamond VIP members in the new membership program effective from 1 January 2024. This move aims to enhance customer experience and to drive recurring visits and purchases at HKTVmall by offering more convenience for loyal customers.
2. 8-hour Express Delivery to enhance the customer experience and capture opportunities arising from the demand for quick commerce.

In summary, both arrangements aim to encourage customers to shop at HKTVmall whenever, whatever, and wherever their purchase needs arise, with a hassle-free experience. These planned investments in the updated membership program and the 8-hour Express Delivery are expected to drive increase in recurring visits, purchases, and customer loyalty in the long run, ultimately enhancing the overall cost efficiency and business growth of the Hong Kong Ecommerce business.

By striking the right balance between cost management and customer satisfaction, the Group aims to maintain its competitive edge in the rapidly evolving e-commerce landscape.



**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.
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. Quarterly Fulfilment Costs as a % of GMV on completed orders for 4Q2022 onwards includes 3PL service fulfilment costs incurred.
4. 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.

**Key Highlight in Completing Digital Ecosystem at HKTVmall Platform**

The Group continues to make investments in enhancing its customer experience and loyalty by completing the digital ecosystem at HKTVmall.

**8-hour Express Delivery**

In June 2024, more than 127,000 product items, including groceries, personal care, skincare, cosmetics, houseware products., etc. under our own inventory, 3PL service and same day in-hub merchants which are eligible for the 8 hours order-to-delivery. This achievement was well ahead of our target set at the beginning of 2024 to cover 120,000 product items by the end of 2024. With this expanding product scope, the GMV on Order Intake for product items under 3P Business eligible for 8-hour Express Delivery had an increment by approximately 130.0% from December 2023 to June 2024.

### *“Unlimited Add-on” Feature*

“Unlimited Add-on” feature allows customers to make unlimited additional purchases on all product items tagged with “\$0 Delivery” at any time before the main order delivery cut-off, without incurring extra delivery fees. This initiative encourages customers to continue post-order shopping, effectively expanding the basket size per order.

During 1H2024, more than 167,000 unique customers utilized the Add-on feature, resulting in an average basket size of approximately HK\$354.0, which is considered as promising performance.

### *External Traffic Referral Program*

In 1H2024, we launched a reversed traffic driving program – External Traffic Referral Program to empower merchants to drive their online business. Under this program, merchants can promote their products at any external channels, such as social media platforms, emails, etc. with designated referral hyperlinks back to HKTVmall and merchants are incentivized with a lower commission rate at 5% on related check out.

## **NEW VENTURES AND TECHNOLOGY BUSINESS**

The New Venture projects at HKTV Group are under different phases of development, and to some extent, the progress of some projects was being impacted by the local economic and social conditions. The Group is still absorbing the unavoidable start-up losses from these projects. While we cannot assure all New Venture projects will come to successful commercialization or to reach breakeven or profitable state after certain period of time, the progress and performance of our New Venture projects gradually validates our strategy for long term sustainability. These ventures highlight the Group’s commitment to innovation and its pursuit of diverse business opportunities.

During 1H2024, New Venture Projects have delivered an aggregated GMV on Order Intake of HK\$130.9 million (1H2023: HK\$32.9 million), representing a year-on-year growth of 297.9%, with an aggregated adjusted EBITDA loss (at cost basis) of HK\$84.5 million in 1H2024 (1H2023: HK\$48.0 million). The performance of each major projects are highlighted as below:

### ***Wet Market Express: A Unique and Untapped Market with Exceptional Growth***

Wet Market Express is a platform that connects wet market vendors and customers, offering online ordering, delivery, and payment services.

We are aggressively expanding the Wet Market Express business with the primary goal of accelerating consumer adoption and dominating the online wet market sector, similar to what we did at HKTVmall. Our confidence in this new venture stems from two key competitive advantages in this niche market:

1. Leveraging on existing HKTVmall user and customer base, in particular from August 2024 onwards, the Add-on feature extends to cover wet market products;
2. Untapped market with “Not easy to replicate” business nature on mass scale or by cross border Ecommerce or retail players.

When stepping into its second year of full year operation since official launch in late 2022, the project team is still facing and tackling various operational challenges by “try and error” in delivering fresh products to customers at designated delivery time slots. While Wet Market Express welcomed its fast growing and remarkable performance in 1H2024, with GMV on order intake increasing from HK\$23.3 million in 1H2023 to HK\$107.9 million in 1H2024, representing a year-on-year growth of 363.1% and surpassing the full year of 2023 of HK\$100.6 million. It also experienced a start up adjusted EBITDA loss (at cost basis) of HK\$36.3 million (1H2023: HK\$15.4 million), representing a year-on-year increase of 135.7%.

The loss was mainly attributed to the order fulfilment activities and the marketing and promotional activities for brand awareness and to build a loyal and growing customer base who value the freshness, quality, and convenience of wet market products. The average retention rate of new customers at Wet Market Express is even higher than HKTVmall by approximately 27.0%<sup>12</sup>.

### ***Everuts: Pioneering a Reversed Ecommerce Model with Promising Progress and Potential***

Everuts, launched in January 2023, is at the forefront of transforming the shopping experience through our innovative reversed Ecommerce model. Our platform empowers customers to post their shopping requests, allowing sellers to respond with personalized offers. This proactive and interactive approach enhances customer engagement and satisfaction.

Due to the slow economic recovery and sustained outbound travel, Everuts’ progress has been moderate compared to the 2024 business target. However, when compared to 1H2023, Everuts has shown significant improvement in 1H2024, achieving HK\$22.7 million in GMV on order intake – representing a 136.5% increase compared to 1H2023 and accounting for 74.7% of the 2023 full-year GMV on order intake.

Everuts is diligently working to shift consumer shopping behavior from passive to proactive. This endeavor requires significant time and effort but presents a substantial opportunity to capture a new market segment eager for a more engaging shopping experience.

Everuts boasts a loyal and growing personal shopper base, with over thousand Exploruts located in over 25 countries and regions. These Exploruts value the opportunity to showcase their products and services and interact directly with customers through Group Chat on the Everuts App and the Live shopping channel on HKTVmall. These interactions foster a strong sense of community between Exploruts and customers.

<sup>12</sup> Source: Internal data by comparing new customers acquired in the second half of 2023 versus their repurchase rate after 6 months

In 1H2024, Everuts introduced a new membership program designed to enhance customer loyalty and to encourage repeat purchases. This program offers a variety of benefits and rewards across different membership tiers, including E-coins rewards, exclusive member offers, membership upgrade bonuses, and special gifts.

As we move forward, Everuts remains dedicated to enhancing the shopping experience and driving growth in the reversed Ecommerce landscape.

### ***Self-Invented Fully Automated Store and System***

The first “in:Five” store adopting our self-invented Fully Automated Retail Store and System in Manchester, the United Kingdom provides a real life environment to the project team to continue refining the design of the system and reviewing the store operation. It is expected that it shall need another 1 – 2 years’ time aiming to optimize the effectiveness and efficiency for future mass scale deployment.

In:Five store is a new app-powered click and collect convenience store enabling consumers to order product items at different temperatures including ambient and chilled via the app, and collect from the in-store locker at customers’ selected timeslot as quick as in minutes. The entire order picking process is completed by robotics at store.

### ***Life Science Projects***

Life Science projects including, without limitation, research and development on various technologies for human organ preservation and for blood production, and still in its early stages. The prospects and timing of development and commercialisation of such projects are subject to uncertainties.

## FINANCIAL REVIEW

Due to the change of segment composition in 2023 as mentioned in the “Business Review” section, certain comparative figures are updated to reflect the changes accordingly. During 1H2024, the Group recorded a 5.2% increase in GMV on completed orders reaching HK\$4,199.7 million (1H2023: HK\$3,992.9 million). The Group’s turnover increased by 3.8% to HK\$1,897.5 million (1H2023: HK\$1,828.6 million) which is composed of:

1. HK\$1,172.5 million from direct merchandise sales (1H2023: HK\$1,162.4 million);
2. HK\$659.7 million from concessionaire sales and other service income (1H2023: HK\$606.2 million); and
3. HK\$65.4 million from multimedia advertising income and licensing of programme rights (1H2023: HK\$59.9 million).

In 1H2024, there was a 0.9% increase in direct merchandise sales while the cost of inventories decreased by 0.8% to HK\$897.6 million (1H2023: HK\$905.0 million), which led to an increase in gross profit margin (before the deduction of HKTVmall dollars and use of promotional coupon) to 25.0% (1H2023: 23.5%). This reflected the combined effort on proactive pricing strategy and cost management and expanding suppliers’ sources.

Income from concessionaire sales and other service income includes commissions and other service income received from 3P Business at HKTVmall, Wet Market Express, Everuts and ThePlace, and service income received from 3PL services.

In 1H2024, other operating expenses increased by HK\$130.5 million to HK\$1,044.2 million (1H2023: HK\$913.7 million).

For running the Hong Kong Ecommerce business (representing HKTVmall including ThePlace and 3PL service), the key operating expenses includes fulfilment costs, marketing, promotional and O2O shop marketing expenses, O2O shop operating expenses, and Ecommerce operation and supporting costs, which as a percentage of GMV on completed orders, has increased to 21.5% in 1H2024 (1H2023: 20.6%).



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

	1H2024		1H2023	
	As a % of GMV on completed orders	HK\$ million	As a % of GMV on completed orders	HK\$ million
Fulfilment costs ( <i>note 1</i> )	11.8%	481.0	10.9%	433.5
Marketing, promotional and O2O shop marketing expenses	2.1%	86.3	2.2%	87.1
O2O shop operating expenses ( <i>note 2</i> )	2.2%	88.1	2.4%	95.0
Ecommerce operation and supporting costs	5.4%	221.2	5.1%	202.4
Hong Kong Ecommerce business segment key operating expenses	<u>21.5%</u>	<u>876.6</u>	<u>20.6%</u>	818.0
New Ventures and Technology business segment key operating expenses ( <i>note 3</i> )		107.7		49.2
Other unallocated operating expenses ( <i>note 4</i> )		<u>23.1</u>		<u>13.1</u>
Total key operating expenses		<u>1,007.4</u>		<u>880.3</u>
Major non-cash items ( <i>note 5</i> )		70.7		63.7
Less: Marketing, promotional and O2O shop marketing expenses deducted in turnover		(21.8)		(22.2)
Less: Interest on lease liabilities included in finance costs		<u>(12.1)</u>		<u>(8.1)</u>
Total other operating expenses		<u>1,044.2</u>		<u>913.7</u>

Notes:

- Including depreciation – other properties leased for own use of HK\$40.9 million (1H2023: HK\$42.8 million) and interest on lease liabilities of HK\$10.3 million (1H2023: HK\$6.4 million).
- Including depreciation – other properties leased for own use of HK\$32.4 million (1H2023: HK\$37.3 million) and interest on lease liabilities of HK\$1.3 million (1H2023: HK\$1.3 million).
- Including depreciation – other properties leased for own use of HK\$3.9 million (1H2023: HK\$2.6 million) and interest on lease liabilities of HK\$0.5 million (1H2023: HK\$0.4 million).
- Including depreciation – other properties leased for own use of HK\$0.1 million (1H2023: HK\$0.3 million).
- Excluded depreciation – other properties leased for own use of HK\$77.3 million (1H2023: HK\$83.0 million).

**On Hong Kong Ecommerce business segment key operating expenses:**

- (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 increased from 10.9% in 1H2023 to 11.8% in 1H2024.

The increase was mainly caused by two factors:

- (a) increase in outsourced manpower to handle incremental picking, packing and delivery in response to the launch of new membership tiering with lower delivery threshold and demand for 8-hour Express Delivery before cost efficiency kick-in;
- (b) increase in operating costs to support full period 3PL operation in 1H2024 while in 1H2023, was under trial run from May 2023.

- (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\$21.8 million (1H2023: HK\$22.2 million) of HKTVmall dollars granted and promotional coupons used which were deducted in the turnover, the total expenses as a percentage to GMV on completed orders at 2.1% (1H2023: 2.2%) at HK\$86.3 million (1H2023: HK\$87.1 million).

- (3) **O2O shop operating expenses** include shop operating expenses and relevant Talent costs incurred, which decreased from 2.4% of GMV on completed orders in 1H2023 to 2.2% in 1H2024. The decrease in operating expenses was mainly due to store consolidation and closure with number of O2O shops decreased from 90 in June 2023 (including 5 mega stores) to 75 in June 2024 (included 5 mega stores), and relocation of O2O shops for reduced rental.

- (4) **Ecommerce operation and supporting costs** includes payment processing charges, merchant relations and acquisition, customer service, research and development costs incurred which are not qualified for capitalization as intangible assets, and other supporting functions. The Ecommerce operation and supporting costs increased from 5.1% of GMV on completed orders in 1H2023 to 5.4% in 1H2024 mainly due to increased Talent resources and overhead to support new business development and initiatives, and for customer service quality enhancement.

**On New Ventures and Technology business segment**, its key operating expenses mainly represent (a) the start-up operating expenses incurred for New Venture Projects including the research and development costs incurred which are not qualified for capitalisation as intangible assets or other contract costs; and (b) allocated costs from shared support functions. The increase in expenses can be primarily attributed to the expanded business scale for Wet Market Express and Everuts, and full period impact from Life Science Projects.

**Other unallocated operating expenses** mainly represent the expenses of head office and corporate expenses not allocated to Hong Kong Ecommerce business or New Ventures and Technology business.

**Major non-cash items** mainly include depreciation on property, plant and equipment (excluding depreciation on other properties leased for own use), amortisation of intangible assets and equity-settled share-based payment. The increase was mainly due to HK\$4.1 million increase in amortisation of intangible assets and HK\$3.8 million increase in depreciation on property, plant and equipment (excluding depreciation on other properties leased for own use).

**A valuation loss on the Group's investment properties** of HK\$8.6 million (1H2023: nil) was recognised in 1H2024 based on the valuation carried out by an independent firm of surveyors.

**Other income, net**, of HK\$36.5 million was recorded in 1H2024 (1H2023: HK\$41.9 million), which is mainly composed of investment returns generated from other financial assets and bank deposits of HK\$19.2 million (1H2023: HK\$20.4 million) and rental income from investment properties of HK\$11.9 million (1H2023: HK\$11.9 million) offset by the net exchange loss of HK\$2.5 million (1H2023: gain of HK\$5.6 million), the unrealised fair value loss on units in investment funds measured at FVPL of HK\$2.2 million (1H2023: HK\$1.3 million) and provision for expected credit losses on debit securities measured at FVOCI of HK\$0.8 million (1H2023: HK\$0.3 million).

**Finance costs** are mainly composed of interest on lease liabilities of HK\$12.1 million (1H2023: HK\$8.1 million).

**An income tax credit** of HK\$1.4 million was recognised in 1H2024 (1H2023: HK\$5.3 million) including a deferred taxation credit of HK\$1.9 million (1H2023: HK\$6.2 million).

Overall, the Group incurred a loss for the period of HK\$27.5 million for 1H2024 (1H2023: profit of HK\$48.7 million) and an adjusted EBITDA profit of HK\$37.6 million (1H2023: HK\$82.6 million).

If excluding the adjusted EBITDA loss (at cost basis) for New Ventures and Technology business segments and unallocated head office and corporate net income/(expense), and the inter-segment margin, the adjusted EBITDA (at cost basis) for Hong Kong Ecommerce business is HK\$133.8 million in 1H2024 (1H2023: HK\$132.7 million).

On New Ventures and Technology business segment, it incurred an adjusted EBITDA loss (at cost basis) of HK\$84.5 million in 1H2024 (1H2023: HK\$48.0 million) mainly for the below New Venture projects:

- (1) Wet Market Express of HK\$36.3 million (1H2023: HK\$15.4 million);
- (2) Fully Automated Retail Store and System of HK\$24.2 million (1H2023: HK\$18.1 million);
- (3) Everuts of HK\$13.6 million (1H2023: HK\$7.8 million); and
- (4) Life Science Projects of HK\$6.8 million (1H2023: HK\$0.4 million).

The increase in loss was mainly attributed to the start-up operating losses incurred for New Venture projects particularly due to the expanding business scale for Wet Market Express and Everuts, the full period impact from Life Science Projects and the increase in allocated uncapitalised research and development costs and supporting costs in 1H2024.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 June 2024, the Group had a total cash position representing cash and cash equivalents and time deposits of HK\$765.3 million (31 December 2023: HK\$573.6 million). The increase in total cash position was mainly due to net realisation from financial assets of the investment portfolio of HK\$147.9 million, the cash inflow generated from operating activities of HK\$176.5 million, net investment income received of HK\$19.3 million partially net off the capital and interest element of lease rentals of HK\$88.4 million, payment made for purchases of property, plant and equipment of HK\$37.9 million and HK\$26.3 million increase in payment for the addition to intangible assets.

On investment in other financial assets, the Group has invested, at fair value, HK\$224.6 million as at 30 June 2024 (as at 31 December 2023: HK\$361.8 million) and there was a net deficit of HK\$5.9 million being recorded in fair value reserve (non-recycling and recycling) (31 December 2023: HK\$20.0 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\$9.3 million (for the year ended 31 December 2023: HK\$1.1 million), in which a deficit of HK\$3.0 million (for the year ended 31 December 2023: HK\$0.6 million), surplus of HK\$6.4 million (for the year ended 31 December 2023: deficit of HK\$1.1 million) and surplus of HK\$5.9 million (for the year ended 31 December 2023: HK\$2.8 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 2024, the Group had utilised facilities of HK\$27.4 million (31 December 2023: HK\$26.4 million), leaving HK\$1,015.0 million (31 December 2023: HK\$1,016.6 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 2024 and 31 December 2023, 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 2024 and 31 December 2023 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 1H2024, the Group invested HK\$37.9 million on capital expenditure as compared to HK\$55.7 million in 1H2023. The capital expenditure for 1H2024 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:

	<b>Amount intended to be utilised</b>	<b>Amount utilised as at 31 December 2023</b>	<b>Amount utilised as at 30 June 2024</b>	<b>Expected timeline of utilisation</b>
<b>Intended use of net proceeds</b>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
<b>Expansion of the Ecommerce and related business of the Group</b>				
(i) Expansion of e-fulfilment centre at Tseung Kwan O Headquarters	200	200.0	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	52.3	58.2	By the end of 2025
(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>415.5</u>	<u>421.4</u>	

## **Charge on Group Assets**

As of 30 June 2024, the Group's banking facilities of HK\$1,042.4 million were secured by the Group's other financial assets of HK\$193.6 million and cash of HK\$286.4 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 2024 and 31 December 2023, the Group had no material contingent liabilities or off-balance-sheet obligations.

## **PROSPECTS**

Looking ahead, we continue our view that the retail landscape in Hong Kong will still face challenges in the foreseeable future and we shall remain cautious yet dynamic approach when navigate the complexities and uncertainties to manage the Group's business ahead.

### **Hong Kong Ecommerce Business**

On Hong Kong Ecommerce business segment, the 2024 business targets for HKTVmall (excluding 3PL Service and ThePlace) shall remain unchanged with annual GMV on Order intake in the range of HK\$8.7 billion to HK\$9.1 billion, and adjusted EBITDA (at cost basis) as a % of GMV on completed orders in the range of 2.6% to 3.0%, with dynamic resources allocation between different key operating expense items to cope with the challenging environment.

### **New Ventures and Technology Business**

The New Ventures and Technology business segment remains a focal point for the Group, with a commitment to allocating necessary resources to drive the progress of our new projects. Management will closely monitor project developments and, when necessary, adapt strategies to align with prevailing market conditions.

Following the performance of the New Venture projects in 1H2024 and the expectations regarding upcoming market conditions, management has decided to revise the business targets for certain New Venture projects as outlined below:

**1. *Wet Market Express – upward adjustment on annual GMV on Order Intake target***

Given the promising growth on GMV on Order Intake in 1H2024 and to capture the opportunity arising from the weak economic environment likely fostering a high potential increase in the home cooking trend, management has decided to accelerate the conversion process to aggressively drive the consumer adoption on online wet market product purchases in the second half of 2024 (“2H2024”). Large-scale advertising and promotional events will be conducted, including the “Queen of the Wet Market” campaign featured by Ms. Do Do Cheng since 1 August 2024 and the re-launch of the “Free distribution of seafood campaign” at HKTVmall to drive the exposure of Wet Market Express to the existing HKTVmall customers. In this regard, the business targets for Wet Market Express are updated as below:

<b>Business Targets</b>	<b>2024 Revised Target</b>	<b>2024 Original Target</b>
Annual GMV on Order Intake	HK\$260 million to HK\$320 million	HK\$200 million to HK\$260 million
Adjusted EBITDA Loss (at cost basis)	HK\$80.0 million to HK\$95.0 million	HK\$43.0 million to HK\$49.0 million

**2. *Everuts – downward adjustment on annual GMV on Order Intake target***

Impacted by the shifting consumer purchasing patterns and the growing trend of outbound travel, Everuts’s overall performance in 1H2024 did not meet initial expectations, despite achieving a remarkable 136.5% increase in GMV on Order Intake compared to 1H2023. Management does not anticipate any significant changes in the market environment for the 2H2024. In this regard, it is concluded to revise downward the annual GMV on Order Intake with slight adjustment to adjusted EBIDTA loss (at cost basis):

<b>Business Targets</b>	<b>2024 Revised Target</b>	<b>2024 Original Target</b>
Annual GMV on Order Intake	HK\$55.0 million to HK\$64.0 million	HK\$144 million
Adjusted EBITDA Loss (at cost basis)	HK\$32.0 million to HK\$37.0 million	HK\$35.0 million



### 3. *Fully Automated Retail Store and System*

Due to the delay in locating and leasing new store, there was postponement in generating additional GMV on Order Intake during 2024.

<b>Business Targets</b>	<b>2024 Revised Target</b>	<b>2024 Original Target</b>
Annual GMV on Order Intake	HK\$0.8 million to HK\$1.0 million	HK\$5.3 million
Adjusted EBITDA Loss (at cost basis)	HK\$57.0 million	HK\$57.0 million

### 4. *Life Science Projects*

Additional investment is required due to the faster-than-expected progress in team mobilization, which caused accelerated initiation of the research and development activities in 2024.

<b>Business Target</b>	<b>2024 Revised Target</b>	<b>2024 Original Target</b>
Adjusted EBITDA Loss	HK\$18.0 million	HK\$10.0 million

## RESULTS

The Board of Directors (the “Board” or the “Directors”) of Hong Kong Technology Venture Company Limited (“HKTV” or the “Company”) hereby announce the consolidated income statement and consolidated statement of comprehensive income for the six months ended 30 June 2024 and the consolidated statement of financial position as at 30 June 2024 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 2024 (Expressed in Hong Kong dollars)*

		Six months ended	
	Note	30 June 2024 HK\$'000	30 June 2023 HK\$'000 (restated)
<b>Turnover</b>	3	<u>1,897,548</u>	<u>1,828,567</u>
Direct merchandise sales	3	1,172,459	1,162,383
Cost of inventories		<u>(897,619)</u>	<u>(904,976)</u>
		274,840	257,407
Income from concessionaire sales and other service income	3	659,699	606,244
Multimedia advertising income and licensing of programme rights	3	65,390	59,940
Valuation losses on investment properties		(8,550)	–
Other operating expenses		(1,044,220)	(913,735)
Other income, net	4	36,516	41,921
Finance costs	5(a)	<u>(12,574)</u>	<u>(8,377)</u>
<b>(Loss)/profit before taxation</b>	5	(28,899)	43,400
<b>Income tax credit</b>	7	<u>1,421</u>	<u>5,296</u>
<b>(Loss)/profit for the period</b>		<u><u>(27,478)</u></u>	<u><u>48,696</u></u>
<b>(Loss)/earnings per share</b>	9		
Basic and diluted		<u><u>HK\$(0.03)</u></u>	<u><u>HK\$0.05</u></u>

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2024 (Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>Six months ended</b>	
		<b>30 June 2024</b>	<b>30 June 2023</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>(Loss)/profit for the period</b>		<b>(27,478)</b>	<b>48,696</b>
<b>Other comprehensive income for the period</b>	<b>6</b>		
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Equity instruments designated at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		<b>5,938</b>	<b>2,279</b>
Remeasurement of defined benefit plan obligations		<b>760</b>	<b>–</b>
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Exchange difference on translation of financial statements of overseas subsidiaries		<b>245</b>	<b>(683)</b>
Debt securities measured at fair value through other comprehensive income – net movement in fair value reserve (recycling)		<b>6,442</b>	<b>2,896</b>
Other comprehensive income for the period		<b>13,385</b>	<b>4,492</b>
<b>Total comprehensive income for the period</b>		<b>(14,093)</b>	<b>53,188</b>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Expressed in Hong Kong dollars)

		<b>30 June 2024</b>	31 December 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,899,337</b>	1,970,085
Intangible assets		<b>150,693</b>	135,226
Long-term receivables, deposits and prepayments		<b>60,497</b>	63,167
Other financial assets	<i>10</i>	<b>142,727</b>	201,060
Deferred tax assets		<b>91,450</b>	89,005
		<u><b>2,344,704</b></u>	<u>2,458,543</u>
<b>Current assets</b>			
Other receivables, deposits and prepayments		<b>149,552</b>	128,515
Inventories and other contract costs		<b>124,702</b>	140,418
Other current financial assets	<i>10</i>	<b>81,829</b>	160,712
Time deposits		<b>179,966</b>	243,028
Cash and cash equivalents		<b>585,372</b>	330,565
		<u><b>1,121,421</b></u>	<u>1,003,238</u>
<b>Current liabilities</b>			
Accounts payable	<i>11</i>	<b>445,862</b>	382,760
Other payables and accrued charges	<i>11</i>	<b>444,636</b>	446,926
Deposits received		<b>5,757</b>	5,757
Tax payable		<b>60</b>	3
Lease liabilities		<b>134,894</b>	151,351
		<u><b>1,031,209</b></u>	<u>986,797</u>
Net current assets		<u><b>90,212</b></u>	<u>16,441</u>
Total assets less current liabilities		<u><b>2,434,916</b></u>	<u>2,474,984</u>

	<b>30 June</b>	31 December
	<b>2024</b>	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,236	1,709
Other payables and accrued charges	–	6,479
Lease liabilities	<u>301,425</u>	<u>321,448</u>
	<u>303,661</u>	<u>329,636</u>
<b>NET ASSETS</b>	<b><u>2,131,255</u></b>	<b><u>2,145,348</u></b>
<b>CAPITAL AND RESERVES</b>		
	<i>12</i>	
Share capital	1,805,004	1,805,004
Reserves	<u>326,251</u>	<u>340,344</u>
<b>TOTAL EQUITY</b>	<b><u>2,131,255</u></b>	<b><u>2,145,348</u></b>

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 "Stock Exchange"), 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 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 2023 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 Group has applied the following amendments to HKFRSs issued by the HKICPA to the interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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.

### 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 new ventures and technology solution business (“New Ventures and Technology 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:

	<b>Six months ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<i>HK\$’000</i>	<i>HK\$’000</i> (restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by nature		
– Direct merchandise sales	1,172,459	1,162,383
– Income from concessionaire sales and other service income	659,699	606,244
– Multimedia advertising income and licensing of programme rights	65,390	59,940
	<u>1,897,548</u>	<u>1,828,567</u>
Disaggregated by timing of revenue recognition		
– Point in time	1,791,458	1,732,266
– Over time	106,090	96,301
	<u>1,897,548</u>	<u>1,828,567</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 year ended 31 December 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:

- Hong Kong Ecommerce business: The Group's Ecommerce business segment derives revenue from the end-to-end online shopping mall operation (including fulfilment and logistics), 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.
- New Ventures and Technology business: The Group's New Ventures and Technology business segment mainly derives revenue from (1) new venture projects performing research and development activities on new business models and technologies, and operating business by adopting the new business models and technologies globally; and (2) providing technology solution to the Group's Ecommerce business segment or external customer to operate online shopping operation.

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) and amortisation of intangible assets 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.

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 2024 and 2023 is set out below.

For six months ended 30 June	Hong Kong Ecommerce business		New Ventures and Technology business		Total	
	2024 HK\$'000	2023 HK\$'000 (restated)	2024 HK\$'000	2023 HK\$'000 (restated)	2024 HK\$'000	2023 HK\$'000 (restated)
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	1,767,983	1,731,029	23,475	1,237	1,791,458	1,732,266
Over time	106,090	96,301	-	-	106,090	96,301
<b>Revenue from external customers</b>	<b>1,874,073</b>	1,827,330	<b>23,475</b>	1,237	<b>1,897,548</b>	1,828,567
Inter-segment revenue	-	-	63,085	62,437	63,085	62,437
<b>Reportable segment revenue</b>	<b>1,874,073</b>	1,827,330	<b>86,560</b>	63,674	<b>1,960,633</b>	1,891,004
<b>Reportable segment profit/ (loss) (EBITDA/(EBITDA loss))</b>	<b>108,354</b>	113,464	<b>(60,010)</b>	(25,457)	<b>48,344</b>	88,151
<b>Reportable segment profit/ (loss) (adjusted EBITDA/ adjusted EBITDA loss)</b>	<b>108,859</b>	113,464	<b>(59,585)</b>	(28,767)	<b>49,274</b>	84,697
Interest income	519	82	105	1	624	83
Inter-segment finance costs	(3,212)	(3,366)	-	-	(3,212)	(3,366)
Depreciation and amortisation for the period (excluded depreciation on other properties leased for own use)	(52,798)	(51,553)	(12,978)	(6,048)	(65,776)	(57,601)
As at 30 June/31 December						
<b>Reportable segment assets</b>	<b>2,302,271</b>	2,273,640	<b>343,877</b>	298,062	<b>2,646,148</b>	2,571,702
Additions to non-current segment assets during the period	50,954	268,002	31,812	81,684	82,766	349,686
<b>Reportable segment liabilities</b>	<b>1,326,418</b>	1,314,582	<b>333,015</b>	219,983	<b>1,659,433</b>	1,534,565

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

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	1,960,633	1,891,004
Elimination of inter-segment revenue	<u>(63,085)</u>	<u>(62,437)</u>
Revenue (note 3(a))	<u><u>1,897,548</u></u>	<u><u>1,828,567</u></u>
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000 (restated)
<b>(Loss)/profit</b>		
<b>Reportable segment profit (EBITDA)</b>	48,344	88,151
Income tax credit	1,641	5,433
Interest income	624	83
Depreciation – on property, plant and equipment (excluded depreciation on other properties leased for own use)	(57,018)	(52,968)
Amortisation of intangible assets	(8,758)	(4,633)
Unallocated head office and corporate net (expense)/income	<u>(12,311)</u>	<u>12,630</u>
<b>(Loss)/profit for the period</b>	<u><u>(27,478)</u></u>	<u><u>48,696</u></u>

(iii) *Reconciliation of reportable segment assets*

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Reportable segment assets	2,646,148	2,571,702
Elimination of inter-segment receivables	(369,068)	(251,885)
Unallocated head office and corporate assets (included inter-segment loan and investments in financial assets)	<u>1,189,045</u>	<u>1,141,964</u>
<b>Consolidated total assets</b>	<u><u>3,466,125</u></u>	<u><u>3,461,781</u></u>

(iv) *Reconciliation of reportable segment liabilities*

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Reportable segment liabilities (included inter-segment loan)	<b>1,659,433</b>	1,534,565
Elimination of inter-segment payables	<b>(369,068)</b>	(251,885)
Unallocated head office and corporate liabilities	<b>44,505</b>	33,753
	<hr/>	<hr/>
<b>Consolidated total liabilities</b>	<b><u>1,334,870</u></b>	<b><u>1,316,433</u></b>

(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**

	<b>Six months ended</b>	
	<b>30 June 2024 HK\$'000</b>	30 June 2023 HK\$'000
Bank interest income	<b>10,018</b>	9,076
Dividend and investment income from other financial assets	<b>1,922</b>	3,640
Interest income from other financial assets	<b>7,267</b>	7,727
Unrealised fair value loss on units in investment funds measured at fair value through profit or loss ("FVPL")	<b>(2,193)</b>	(1,282)
Provision of expected credit losses on debt securities measured at fair value through other comprehensive income ("FVOCI")	<b>(801)</b>	(326)
Rentals from investment properties	<b>11,887</b>	11,887
Net exchange (loss)/gain	<b>(2,522)</b>	5,644
Government subsidies	<b>800</b>	21
Others	<b>10,138</b>	5,534
	<hr/>	<hr/>
	<b><u>36,516</u></b>	<b><u>41,921</u></b>

## 5 (LOSS)/PROFIT BEFORE TAXATION

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

	<b>Six months ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	12,093	8,069
Bank charges	481	308
	<u>12,574</u>	<u>8,377</u>
<b>(b) Other items</b>		
Advertising and marketing expenses (excluding HK\$21,842,000 (six months ended 30 June 2023: HK\$22,190,000) being deducted in turnover)	65,021	55,321
Depreciation		
– owned property, plant and equipment	45,445	41,857
– right-of-use assets	93,825	99,377
Amortisation of intangible assets	10,805	6,674
Loss on disposal of property, plant and equipment	153	190
Outsourced fulfilment expenses	176,399	130,007
Payment processing charges	46,411	44,804
Owned motor vehicles running expenses	24,133	22,154
Software licenses and registration fee	11,368	11,382
Utilities, consumables and office expenses	29,353	27,516
	<u>482,477</u>	<u>425,350</u>
<b>(c) Talent costs</b>		
Wages and salaries	482,477	425,350
Retirement benefit costs – defined contribution plans	17,699	15,641
Equity-settled share-based payment expenses	–	(1,117)
Less: Talent costs capitalised as intangible assets	(26,266)	(24,889)
	<u>473,910</u>	<u>414,985</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 2024			30 June 2023		
	Before-tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>	Before-tax amount <i>HK\$'000</i>	Tax expense <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>
Equity instruments designated at FVOCI						
– net movement in fair value reserve (non-recycling)	5,938	–	5,938	2,279	–	2,279
Remeasurement of defined benefit plan obligations	760	–	760	–	–	–
Exchange difference on translation of financial statements of overseas subsidiaries	245	–	245	(683)	–	(683)
Debt securities measured at FVOCI						
– net movement in fair value reserve (recycling)	6,442	–	6,442	2,896	–	2,896
Other comprehensive income	<u>13,385</u>	<u>–</u>	<u>13,385</u>	<u>4,492</u>	<u>–</u>	<u>4,492</u>

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

	Six months ended	
	30 June 2024 <i>HK\$'000</i>	30 June 2023 <i>HK\$'000</i>
Equity instruments designated at FVOCI – net movement in fair value reserve (non-recycling):		
– Changes in fair value recognised during the period	<u>5,938</u>	<u>2,279</u>
Debt securities measured at FVOCI – net movement in fair value reserve (recycling):		
– Changes in fair value recognised during the period	5,641	2,570
– Reclassified to profit or loss for provision of expected credit losses	<u>801</u>	<u>326</u>
	<u>6,442</u>	<u>2,896</u>

## 7 INCOME TAX CREDIT

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% (six months ended 30 June 2023: 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 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%).

Taxation for overseas branch of a subsidiary is calculated at 20% (six months ended 30 June 2023: 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 2024	30 June 2023
	HK\$'000	HK\$'000
<b>Current taxation</b>		
Hong Kong Profits Tax	–	–
Overseas	(497)	(952)
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	<u>1,918</u>	<u>6,248</u>
	<u><u>1,421</u></u>	<u><u>5,296</u></u>

## 8 DIVIDENDS

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company for the period of HK\$27,478,000 (six months ended 30 June 2023: profit of HK\$48,696,000) and the weighted average of 888,545,781 ordinary shares (six months ended 30 June 2023: 923,521,000 shares) in issue during the period.

The diluted loss per share for the six months ended 30 June 2024 is the same as the basic loss per share, as the Group's share options would result in an anti-dilutive effect on loss per share.

The calculation of diluted earnings per share for the period ended 30 June 2023 was based on the profit attributable to equity shareholders of the Company for the period of HK\$48,696,000 and the weighted average number of ordinary shares of 944,696,000, after adjusting for the effect of dilutive potential ordinary shares under share option scheme during the period.

## 10 OTHER FINANCIAL ASSETS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>Equity instruments designated at FVOCI (non-recycling)</b>		
– Equity securities	27,315	22,930
– Perpetual bonds	27,541	64,492
	<u>54,856</u>	<u>87,422</u>
<b>Debt securities measured at FVOCI (recycling)</b>		
– Maturity dates within 1 year	81,829	160,712
– Maturity dates over 1 year	41,823	65,356
	<u>123,652</u>	<u>226,068</u>
<b>Units in investment funds measured at FVPL</b>	<u>46,048</u>	<u>48,282</u>
<b>Representing</b>		
– Non-current portion	142,727	201,060
– Current portion	81,829	160,712
	<u>224,556</u>	<u>361,772</u>

All of these financial assets were carried at fair value as at 30 June 2024 and 31 December 2023.

## 11 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Accounts payable ( <i>note (a)</i> )	445,862	382,760
Contract liabilities	224,149	259,392
Other payables and accrued charges ( <i>note (b)</i> )	220,487	187,534
	<u>444,636</u>	<u>446,926</u>
	<u>890,498</u>	<u>829,686</u>
Non-current other payables and accrued charges ( <i>note (b)</i> )	–	6,479
	<u>890,498</u>	<u>836,165</u>

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Current–30 days	427,273	369,977
31–60 days	3,815	2,926
61–90 days	299	1,147
Over 90 days	14,475	8,710
	<u>445,862</u>	<u>382,760</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

	Attributable to equity shareholders of the Company									
	Share capital	Retained profits	Revaluation reserve	Fair value reserve (recycling)	Fair value reserve (non- recycling)	Exchange reserve	Capital reserve	Other reserve	Total equity	
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2024	1,805,004	138,244	183,338	(11,949)	(8,098)	(546)	42,613	(3,258)	2,145,348	
Changes in equity for the six months ended 30 June 2024:										
Loss for the period	-	(27,478)	-	-	-	-	-	-	(27,478)	
Other comprehensive income	6	-	-	6,442	5,938	245	-	760	13,385	
Total comprehensive income		-	(27,478)	-	6,442	5,938	245	760	(14,093)	
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		-	(1,734)	-	-	1,734	-	-	-	
Balance at 30 June 2024		<u>1,805,004</u>	<u>109,032</u>	<u>183,338</u>	<u>(5,507)</u>	<u>(426)</u>	<u>(301)</u>	<u>42,613</u>	<u>(2,498)</u>	<u>2,131,255</u>



Attributable to equity shareholders of the Company									
				Fair value	Fair value				Total
	Share	Retained	Revaluation	reserve	reserve	Exchange	Capital	Other	equity
	capital	profits	reserve	(recycling)	(non-	reserve	reserve	reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	recycling)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Note					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2023</b>	1,800,972	203,377	183,338	(10,884)	(10,751)	589	44,493	(2,341)	2,208,793
<b>Changes in equity for the six months ended 30 June 2023:</b>									
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)	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>1,804,361</b>	<b>252,245</b>	<b>183,338</b>	<b>(7,988)</b>	<b>(8,644)</b>	<b>(94)</b>	<b>42,744</b>	<b>(2,341)</b>	<b>2,263,621</b>

## **TALENT REMUNERATION**

Including the Directors, as at 30 June 2024, the Company had 2,165 permanent full-time Talents versus 2,214 as of 31 December 2023. 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 and life insurance coverage, competitive retirement benefits schemes, staff training programs and operates share 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 2024.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Throughout the six months ended 30 June 2024, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

## **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 C3 to 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 2024.

## **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 2024.

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

## **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 2024 (six months ended 30 June 2023: nil) to retain liquidity for future CAPEX plan, new ventures investment and share repurchase program.

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

Hong Kong, 23 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