



HONG KONG TECHNOLOGY
VENTURE COMPANY LIMITED
香港科技探索有限公司

SEHK STOCK CODE : 1137
www.hktv.com.hk



Always
Something New

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FINANCIAL CALENDAR

Six months period ended:
30 June 2024

Announcement of interim results:
23 August 2024

LISTING

The ordinary shares of Hong Kong Technology Venture Company Limited (“Company”) are listed on The Stock Exchange of Hong Kong Limited. In addition, the Company’s American Depositary Shares (ADSs) each represent 20 ordinary shares. On 8 December 2015, the Company filed the Form 25 with the U.S. Securities and Exchange Commission (“SEC”) to effect the delisting of the ADSs. On 29 December 2016, the Company filed the Form 15F with the SEC to deregister and terminate its reporting obligations under the U.S. Securities Exchange Act. Since 21 December 2015, our ADSs are eligible for trading in the United States in the over-the-counter (OTC) market.

Executive Directors

Mr. CHEUNG Chi Kin, Paul ^{3,5} (*Chairman*)

Mr. WONG Wai Kay, Ricky ^{3,4}

(*Vice Chairman and Group Chief Executive Officer*)

Ms. WONG Nga Lai, Alice ^{3,5} (*Group Chief Financial Officer*)

Mr. LAU Chi Kong ³

(*Chief Executive Officer (International Business)*)

Ms. ZHOU Huijing ³

(*Chief Executive Officer (Hong Kong)*)

Independent Non-executive Directors

Mr. LEE Hon Ying, John ^{1,7,8}

Mr. PEH Jefferson Tun Lu ^{2,5,6,9}

Mr. MAK Wing Sum, Alvin ^{2,5,7,9}

Mr. ANN Yu Chiu Andy ^{2,7,9}

¹ Chairman of Audit Committee

² Member of Audit Committee

³ Member of Executive Committee

⁴ Chairman of Investment Committee

⁵ Member of Investment Committee

⁶ Chairman of Nomination Committee

⁷ Member of Nomination Committee

⁸ Chairman of Remuneration Committee

⁹ Member of Remuneration Committee

Company Secretary

Ms. WONG Nga Lai, Alice

Authorised Representatives

Mr. WONG Wai Kay, Ricky

Ms. WONG Nga Lai, Alice

Registered Office

HKTVMultimedia and Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories, Hong Kong

Auditor

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance
8th Floor
Prince’s Building
10 Chater Road
Central, Hong Kong

Share Registrar

Computershare Hong Kong Investor Services Limited

46th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong

American Depositary Bank

The Bank of New York Mellon Corporation

101 Barclay Street, 22nd Floor
New York, NY 10286 USA

Principal Bankers

Citibank, N.A.

The Hongkong and Shanghai Banking Corporation Limited

Website

www.hktv.com.hk

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.



Chairmen's Statement

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, and the estimated total retail sales exclude the retail sales value of Fuels, Motor vehicles and parts, and Optical shops.

Management's Discussion and Analysis

GROUP OPERATIONAL AND FINANCIAL HIGHLIGHTS

In thousands of Hong Kong dollars except for per share amounts and ratios

	For the six months ended 30 June 2024 HK\$'000	For the six months ended 30 June 2023 HK\$'000	Change in percentage
Gross Merchandise value ("GMV") on order intake ¹	4,235,466	4,038,119	4.9%
GMV on completed orders ²	4,199,746	3,992,883	5.2%
Turnover	1,897,548	1,828,567	3.8%
EBITDA ^{3,5}	24,734	87,844	(71.8%)
EBITDA margin* (in %)	0.6%	2.2%	(1.6%)
Adjusted EBITDA ^{4,5}	37,596	82,580	(54.5%)
Adjusted EBITDA margin* (in %)	0.9%	2.1%	(1.2%)
Adjusted free cash flow ⁷	47,250	(26,560)	277.9%
(Loss)/profit for the period	(27,478)	48,696	(156.4%)
Net (loss)/profit margin* (in %)	(0.7%)	1.2%	(1.9%)
Capital expenditure - Property, plant and equipment (excluded other properties leased for own use)	37,127	140,926	(73.7%)

* As a percentage of GMV on completed orders

	As at 30 June 2024	As at 31 December 2023	Change in percentage
Cash position ⁶	765,338	573,593	33.4%
Other financial assets	224,556	361,772	(37.9%)
Total equity	2,131,255	2,145,348	(0.7%)
Number of shares in issue (in thousands)	888,546	888,546	-
Net asset per share (HK\$)	2.40	2.41	(0.4%)

¹ Gross Merchandise Value ("GMV") on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discounts offered by the marketplace, rebate used, cancellation and returns of merchandise sold.

² 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.

³ EBITDA means profit for the period plus interest on bank loans (excluded finance costs - interest on lease liabilities), 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.

⁴ Adjusted EBITDA means EBITDA adjusted by major non-cash items, excluded non-recurring items including government subsidies.

⁵ EBITDA and adjusted EBITDA are not measures of performance under Hong Kong Financial Reporting Standards ("HKFRSs"). These measures do not represent, and should not be used as substitutes for, net profit or cash flows from operations as determined in accordance with HKFRSs. These measures are not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definitions of these measures may not be comparable to other similarly titled measures used by other companies.

⁶ Cash position means cash and cash equivalents and time deposits.

⁷ 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.



Management's Discussion and Analysis

RECONCILIATION OF ADJUSTED EBITDA AND ADJUSTED FREE CASH FLOW

	For the six months ended 30 June 2024 HK\$'000	For the six months ended 30 June 2023 HK\$'000
(Loss)/profit for the period	(27,478)	48,696
Income tax credit	(1,421)	(5,296)
Investment returns ⁸	(19,207)	(20,443)
Depreciation - on property, plant and equipment (excluded depreciation on other properties leased for own use)	62,035	58,213
Amortisation on intangible assets	10,805	6,674
EBITDA	24,734	87,844
Major non-cash items:		
Valuation losses on investment properties	8,550	-
Net exchange loss/(gain)	2,522	(5,644)
Provision of expected credit losses on debt securities measured at FVOCI	801	326
Unrealised fair value loss on units in investment funds measured at FVPL	2,193	1,282
Reversal of equity-settled share-based payment expenses (after capitalisation)	-	(1,207)
Unwinding the discounting effect of rental deposits	(404)	-
Government subsidies	(800)	(21)
Adjusted EBITDA	37,596	82,580
Represented by:		
Hong Kong Ecommerce business	133,758	132,732
Wet Market Express	(36,273)	(15,409)
Fully Automated Retail Store and System	(24,230)	(18,134)
Everuts	(13,639)	(7,753)
Life Science Projects	(6,806)	(351)
General technology development	(3,536)	(6,389)
Head office and corporate	(11,678)	(2,116)
Adjusted EBITDA	37,596	82,580
Investment returns received	19,294	18,910
Tax refunded (paid)	327	(1,367)
Changes in working capital	53,252	(45,736)
Payment for the purchase of property, plant and equipment	(37,936)	(55,686)
Payment for the addition to intangible assets	(26,272)	(24,444)
Depreciation of properties leased for own use	77,275	83,021
Capital element of lease rentals paid	(76,286)	(83,838)
Adjusted free cash flow	47,250	(26,560)

⁸ Investment returns include bank interest income, dividend and investment income from other financial assets, interest income from other financial assets and (gain)/loss on disposal of other financial assets.

Management's Discussion and Analysis

BUSINESS REVIEW⁹

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 1H2024¹⁰.

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 1H2024¹¹;
2. The monthly active HKTVmall App users¹² 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;

⁹ 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.

¹⁰ Source: 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.

¹¹ Source: https://www.censtatd.gov.hk/en/web_table.html?id=620-67002

¹² 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.



Management's Discussion and Analysis

- 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
- Stabilised quarterly average main categories purchased per customer at 2.9 main categories in 2Q2024 (4Q2023: 2.9 main categories).

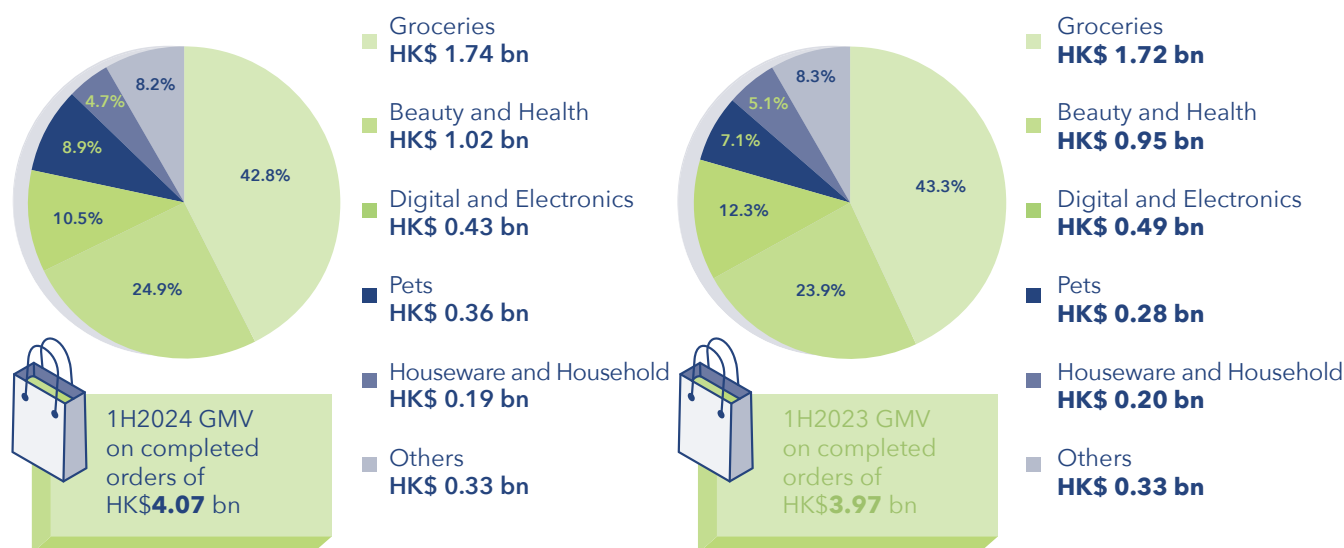
Beyond the fundamental structural changes in customers' shopping behavior that we have nurtured over the past years, the segment's strong performance was primarily driven by our continued efforts to enrich and expand product choices for our customers. Additionally, the introduction of innovative channels 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.

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.

Management's Discussion and Analysis

Gross profit margin and blended commission rate

In thousands of Hong Kong dollars unless specified except for ratios

On completed orders and on adjusted basis ²	For the six months ended 30 June 2024 HK\$'000	For the six months ended 30 June 2023 HK\$'000 (restated)
Direct merchandise sales		
GMV on completed orders ^{2,13}	1,196,088	1,183,304
Cost of inventories	(897,619)	(904,976)
Gross profit	298,469	278,328
Gross profit margin	25.0%	23.5%
Income from concessionaire sales and other service income		
GMV on completed orders ²	2,872,773	2,783,570
Merchant payments (net off by other service income)	(2,238,391)	(2,177,350)
Income from concessionaire sales and other service income ¹⁴	634,382	606,220
Blended commission rate	22.1%	21.8%
Total GMV on completed orders²	4,068,861	3,966,874
Total gross profit and income from concessionaire sales and other service income^{13,14}	932,851	884,548
Total gross profit margin and blended commission rate	22.9%	22.3%
Multimedia advertising income and licensing of programme rights		
Multimedia advertising income	65,390	59,932
Other programme license	-	8
	65,390	59,940
Gross contribution from Hong Kong Ecommerce business segment	998,241	944,488
Income from New Ventures and Technology business segment	23,475	1,293
Gross contribution from Ecommerce and New Ventures and Technology business segments	1,021,716	945,781

¹³ 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).

¹⁴ 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.



Management's Discussion and Analysis

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.

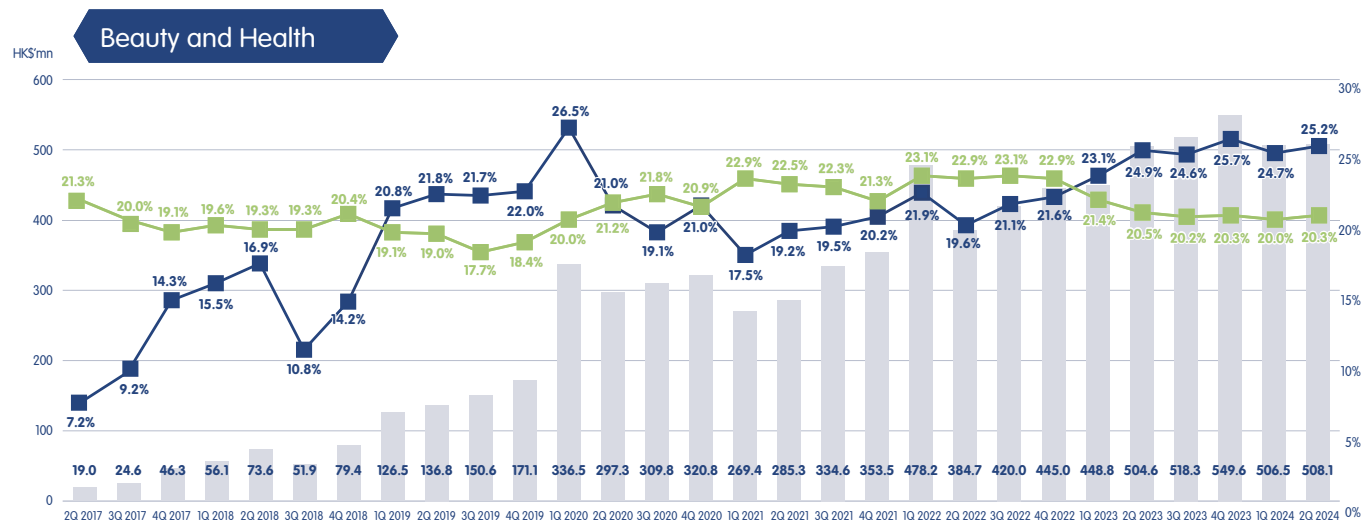
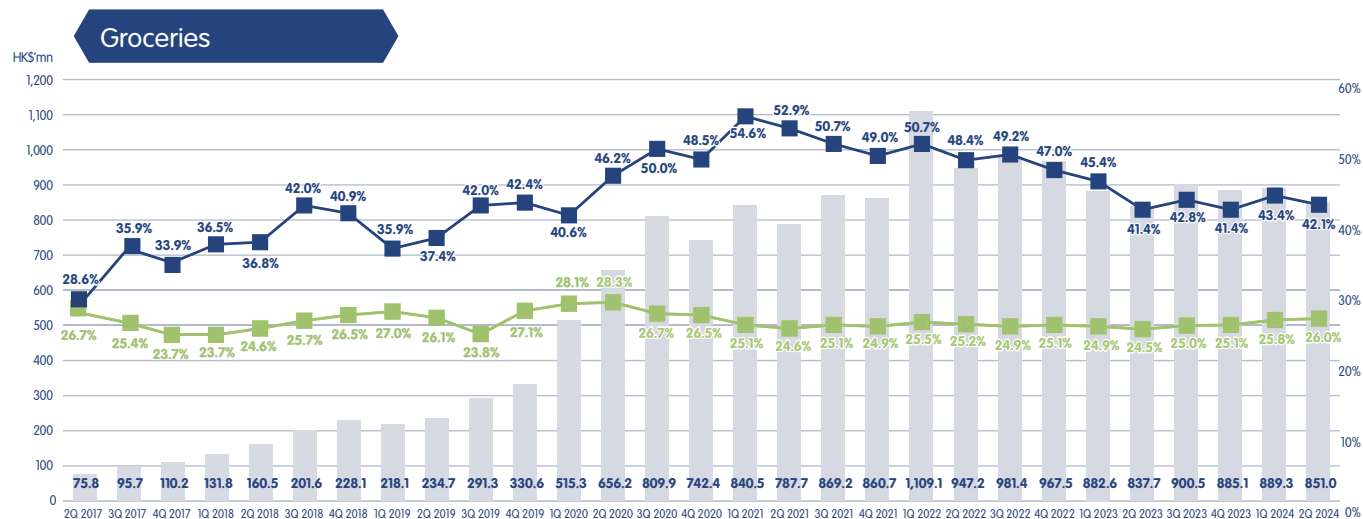
Supplemented by the expanding supplier sources under the 1P Business, the breadth and depth of product offerings on our Ecommerce platforms has largely expanded. As of June 2024, the Hong Kong Ecommerce business offers over 1,900,000 product items to consumers, a significant increase from the 1,300,000 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.

Management's Discussion and Analysis

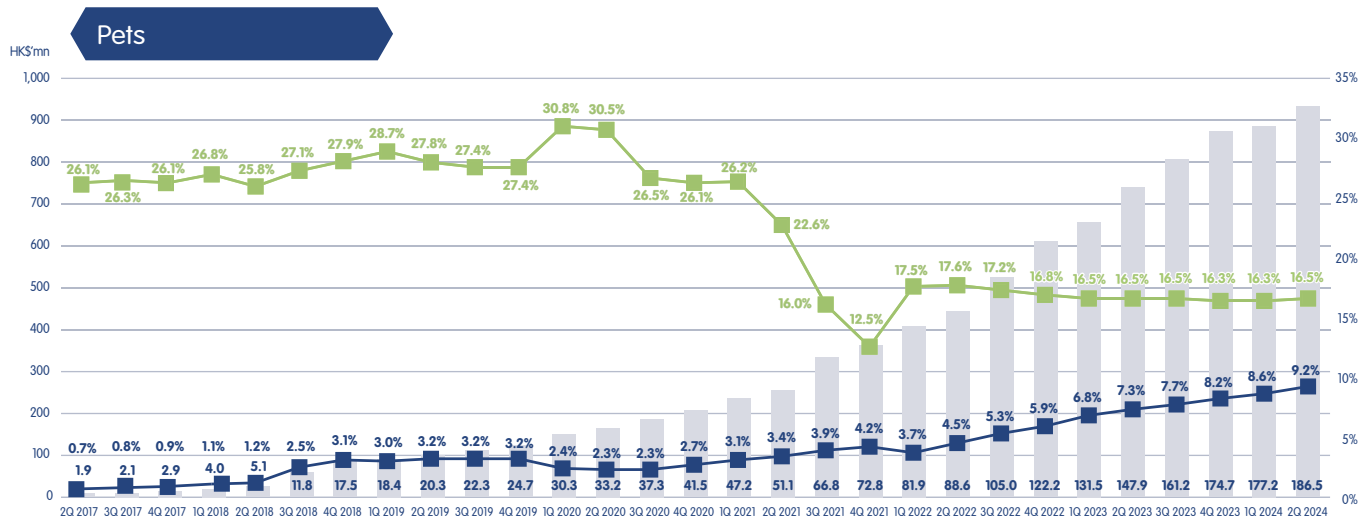
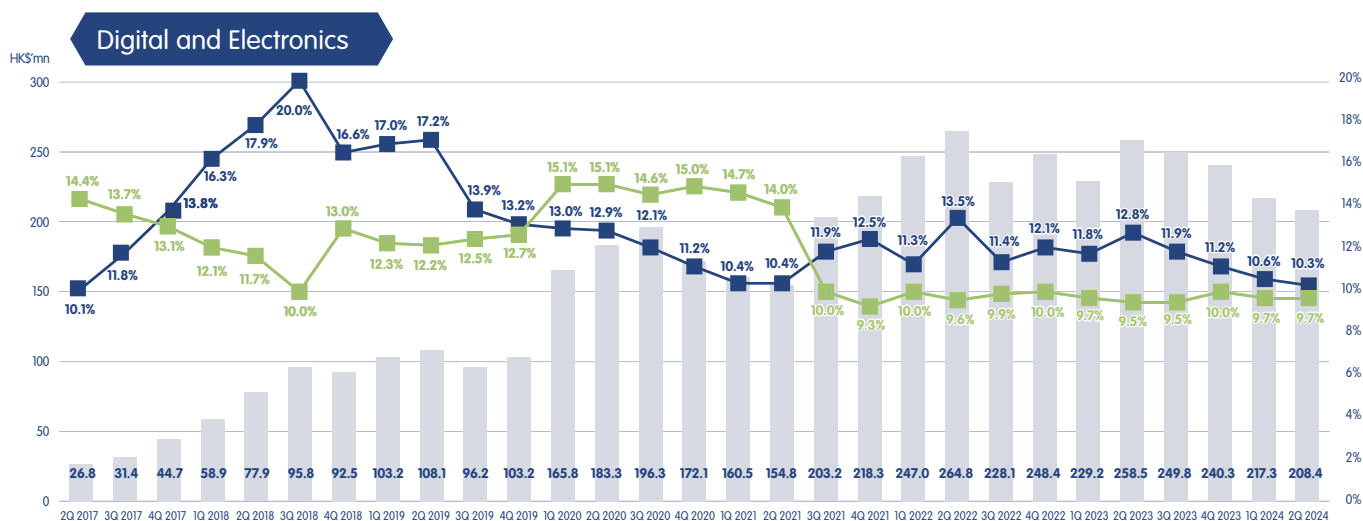
On product category basis, the gross profit margin and blended commission rate trend is summarised as below:



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



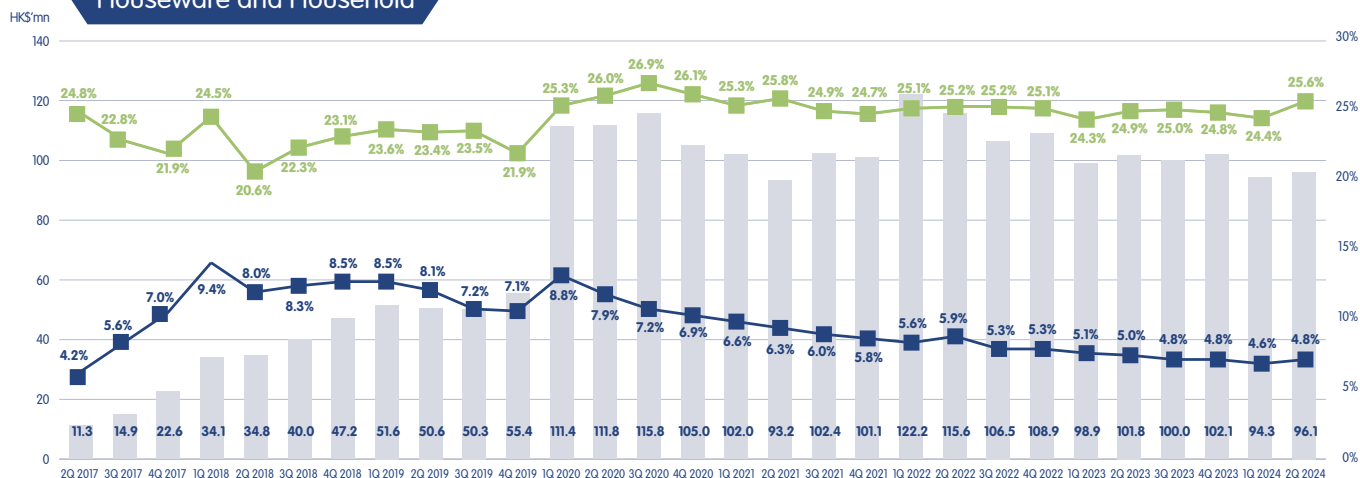
Management's Discussion and Analysis



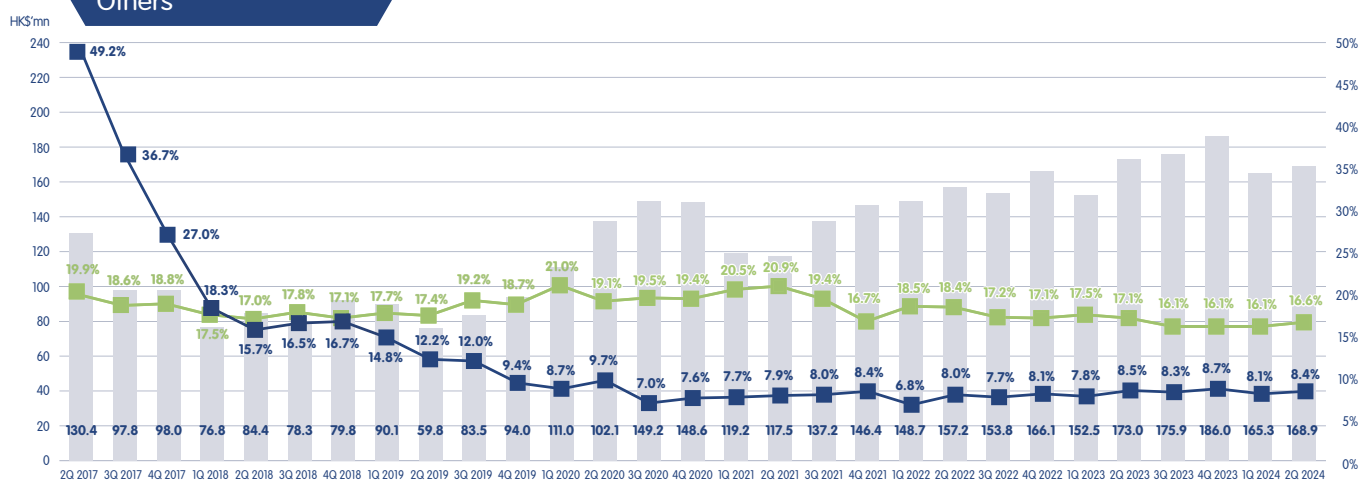
■ Quarterly GMV on completed orders (HK\$ million)
■ Quarterly proportion of GMV on completed orders
■ Quarterly gross profit margin and blended commission rate

Management's Discussion and Analysis

Houseware and Household



Others



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



Management's Discussion and Analysis

Planned and Disciplined Fulfilment Cost Efficiency

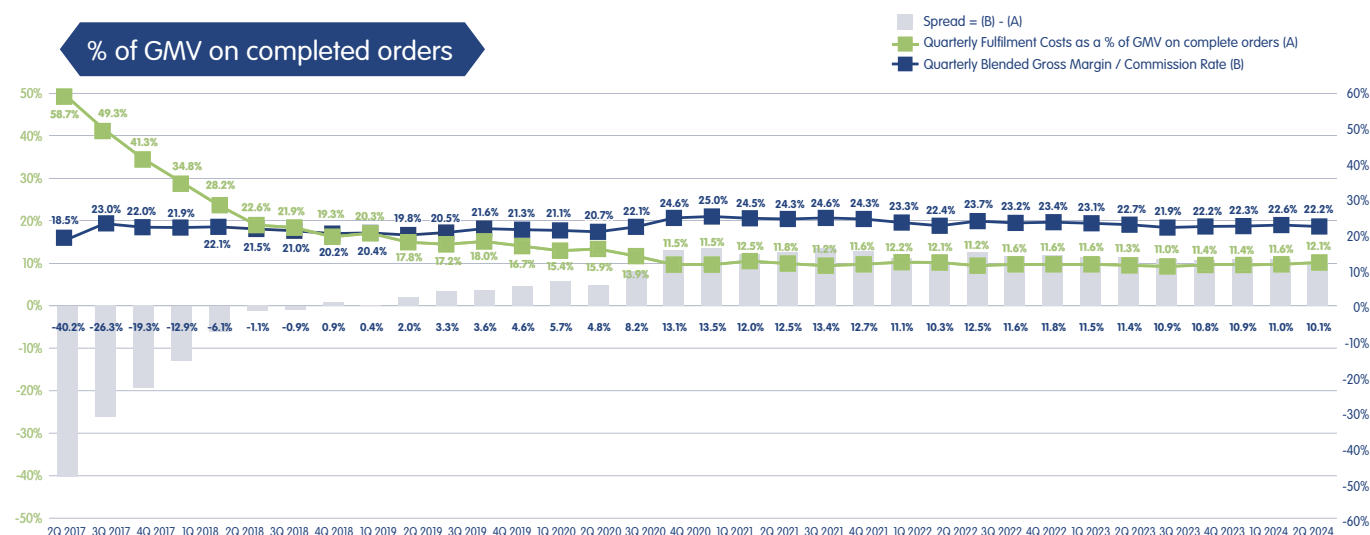
The fulfilment costs as a % of GMV on completed orders for Hong Kong Ecommerce business (including HKTVMall and 3PL service operating costs) has increased in 1H2024, particularly in the 2Q2024.

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.

Management's Discussion and Analysis

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.



Management's Discussion and Analysis

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%¹⁵.

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.

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.

¹⁵ Source: Internal data by comparing new customers acquired in the second half of 2023 versus their repurchase rate after 6 months

Management's Discussion and Analysis

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%).



Management's Discussion and Analysis

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 (note 1)	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 (note 2)	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	21.5%	876.6	20.6%	818.0
New Ventures and Technology business segment key operating expenses (note 3)		107.7		49.2
Other unallocated operating expenses (note 4)		23.1		13.1
Total key operating expenses		1,007.4		880.3
Major non-cash items (note 5)		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		(12.1)		(8.1)
Total other operating expenses		1,044.2		913.7

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).

Management's Discussion and Analysis

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.



Management's Discussion and Analysis

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.

Management's Discussion and Analysis

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.



Management's Discussion and Analysis

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 HK\$ million	Amount utilised as at 31 December 2023 HK\$ million	Amount utilised as at 30 June 2024 HK\$ million	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	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	453.2	415.5	421.4	

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.

Management's Discussion and Analysis

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:

Business Targets	2024 Revised Target	2024 Original Target
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 EBITDA loss (at cost basis):

Business Targets	2024 Revised Target	2024 Original Target
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



Management's Discussion and Analysis

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.

Business Targets	2024 Revised Target	2024 Original Target
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.

Business Target	2024 Revised Target	2024 Original Target
Adjusted EBITDA Loss	HK\$18.0 million	HK\$10.0 million

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.

Unaudited Consolidated Income Statement

For the six months ended 30 June 2024 (Expressed in Hong Kong dollars)

	Note	Six months ended	
		30 June 2024 HK\$'000	30 June 2023 HK\$'000 (restated)
Turnover	3	1,897,548	1,828,567
Direct merchandise sales	3	1,172,459	1,162,383
Cost of inventories		(897,619)	(904,976)
		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	10	(8,550)	-
Other operating expenses		(1,044,220)	(913,735)
Other income, net	4	36,516	41,921
Finance costs	5(a)	(12,574)	(8,377)
(Loss)/profit before taxation	5	(28,899)	43,400
Income tax credit	7	1,421	5,296
(Loss)/profit for the period		(27,478)	48,696
(Loss)/earnings per share	9		
Basic and diluted		HK\$(0.03)	HK\$0.05



Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024 (Expressed in Hong Kong dollars)

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

Unaudited Consolidated Statement of Financial Position

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

	Note	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Non-current assets			
Property, plant and equipment	10	1,899,337	1,970,085
Intangible assets	11	150,693	135,226
Long-term receivables, deposits and prepayments		60,497	63,167
Other financial assets	12	142,727	201,060
Deferred tax assets		91,450	89,005
		2,344,704	2,458,543
Current assets			
Other receivables, deposits and prepayments		149,552	128,515
Inventories and other contract costs		124,702	140,418
Other current financial assets	12	81,829	160,712
Time deposits		179,966	243,028
Cash and cash equivalents		585,372	330,565
		1,121,421	1,003,238
Current liabilities			
Accounts payable	13	445,862	382,760
Other payables and accrued charges	13	444,636	446,926
Deposits received		5,757	5,757
Tax payable		60	3
Lease liabilities		134,894	151,351
		1,031,209	986,797
Net current assets		90,212	16,441
Total assets less current liabilities		2,434,916	2,474,984
Non-current liabilities			
Deferred tax liabilities		2,236	1,709
Other payables and accrued charges		-	6,479
Lease liabilities		301,425	321,448
		303,661	329,636
NET ASSETS		2,131,255	2,145,348
CAPITAL AND RESERVES			
Share capital	16	1,805,004	1,805,004
Reserves		326,251	340,344
TOTAL EQUITY		2,131,255	2,145,348

The notes on pages 30 to 46 form part of this interim financial report.



Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 (Expressed in Hong Kong dollars)

Note	Attributable to equity shareholders of the Company								
	Share capital HK\$'000	Retained profits HK\$'000	Revaluation reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Total equity 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	1,805,004	109,032	183,338	(5,507)	(426)	(301)	42,613	(2,498)	2,131,255

Note	Attributable to equity shareholders of the Company								
	Share capital HK\$'000	Retained profits HK\$'000	Revaluation reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Total equity 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	16	3,389	-	-	-	-	(632)	-	2,757
Equity-settled share-based transactions	5(c)	-	-	-	-	-	(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

The notes on pages 30 to 46 form part of this interim financial report.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024 (Expressed in Hong Kong dollars)

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
(Loss)/profit before taxation	(28,899)	43,400
Valuation losses on investment properties	8,550	-
Equity-settled share-based payment expenses	-	(1,207)
Depreciation of property, plant and equipment	139,270	141,234
Amortisation of intangible assets	10,805	6,674
Interest income from other financial assets	(7,268)	(7,727)
Provision of expected credit losses	801	326
Changes in working capital	53,252	(45,736)
Others	34	(6,426)
Net cash generated from operating activities	176,545	130,538
Investing activities		
Payment for the purchase of other financial assets	-	(61,040)
Proceeds received from disposal and redemption of other financial assets	39,070	3,919
Proceeds received from maturity of debt securities	108,783	31,988
Payment for the purchase of property, plant and equipment	(37,936)	(55,686)
Payment for the addition to intangible assets	(26,272)	(24,444)
Decrease/(increase) in time deposits	63,062	(50,457)
Proceeds received from disposal of property, plant and equipment	-	35
Others	19,294	18,910
Net cash generated from/(used in) investing activities	166,001	(136,775)
Financing activities		
Capital element of lease rentals paid	(76,286)	(83,838)
Interest element of lease rentals paid	(12,093)	(8,069)
Proceeds from shares issued under share option scheme	-	2,512
Net cash used in financing activities	(88,379)	(89,395)
Net increase/(decrease) in cash and cash equivalents	254,167	(95,632)
Cash and cash equivalents at 1 January	330,565	705,807
Effect of foreign exchange rate changes	640	(22)
Cash and cash equivalents at 30 June	585,372	610,153

The notes on pages 30 to 46 form part of this interim financial report.



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

This unaudited interim financial report of Hong Kong Technology Venture Company Limited (the “Company”) and its subsidiaries (the “Group”) 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”). It was authorised for issue on 23 August 2024.

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 preparation of an unaudited interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 47 of this interim financial report. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report 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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this 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.



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

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:

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000 (restated)
Revenue from contracts with customers within the scope of HKFRS 15		
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
	1,897,548	1,828,567
Disaggregated by timing of revenue recognition		
- Point in time	1,791,458	1,732,266
- Over time	106,090	96,301
	1,897,548	1,828,567

(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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(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.



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(i) Segment results, assets and liabilities (continued)

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)
Disaggregated by timing of revenue recognition						
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
Revenue from external customers	1,874,073	1,827,330	23,475	1,237	1,897,548	1,828,567
Inter-segment revenue	-	-	63,085	62,437	63,085	62,437
Reportable segment revenue	1,874,073	1,827,330	86,560	63,674	1,960,633	1,891,004
Reportable segment profit/(loss) (EBITDA/(EBITDA loss))	108,354	113,608	(60,010)	(25,457)	48,344	88,151
Reportable segment profit/(loss) (adjusted EBITDA/(adjusted EBITDA loss))	108,859	113,464	(59,585)	(28,767)	49,274	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						
Reportable segment assets	2,302,271	2,273,640	343,877	298,062	2,646,148	2,571,702
<i>Additions to non-current segment assets during the period</i>	50,954	268,002	31,812	81,684	82,766	349,686
Reportable segment liabilities	1,326,418	1,314,582	333,015	219,983	1,659,433	1,534,565

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(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
Revenue		
Reportable segment revenue	1,960,633	1,891,004
Elimination of inter-segment revenue	(63,085)	(62,437)
Revenue (note 3(a))	1,897,548	1,828,567

	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000 (restated)
(Loss)/profit		
Reportable segment profit (EBITDA)	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	(12,311)	12,630
(Loss)/profit for the period	(27,478)	48,696

(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)	1,189,045	1,141,964
Consolidated total assets	3,466,125	3,461,781



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

3 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(iv) Reconciliation of reportable segment liabilities

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

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

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

5 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
(a) Finance costs		
Interest on lease liabilities	12,093	8,069
Bank charges	481	308
	12,574	8,377
(b) Other items		
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 (Note 10)		
- owned property, plant and equipment	45,445	41,857
- right-of-use assets	93,825	99,377
Amortisation of intangible assets (Note 11)	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
(c) Talent costs		
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)
	473,910	414,985

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



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

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 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)	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	13,385	-	13,385	4,492	-	4,492

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

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Equity instruments designated at FVOCI - net movement in fair value reserve (non-recycling):		
– Changes in fair value recognised during the period	5,938	2,279
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	801	326
	6,442	2,896

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

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 HK\$'000	30 June 2023 HK\$'000
Current taxation		
Hong Kong Profits Tax	-	-
Overseas	(497)	(952)
Deferred taxation		
Origination and reversal of temporary differences	1,918	6,248
	1,421	5,296

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).



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

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 PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
At the beginning of the period/year	1,970,085	1,971,551
Additions	58,569	304,105
Lease modification	18,906	(21,323)
Disposals	(153)	(392)
Valuation losses on investment properties (note (a))	(8,550)	(600)
Exchange difference	(250)	1,859
Depreciation charge	(139,270)	(285,115)
At the end of the period/year	1,899,337	1,970,085

Note:

- (a) All investment properties of the Group were revalued as at 30 June 2024 and 31 December 2023 by direct comparison approach determined by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available. The valuations were carried out by an independent firm of surveyors, CBRE Limited, who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

During the six months ended 30 June 2024, the Group entered into a number of tenancy agreements for use of offices and retail stores and therefore recognised the additions to right-of-use assets of HK\$21,442,000 (six months ended 30 June 2023: HK\$17,787,000).

The leases of retail stores contain variable lease payment terms that are based on the relevant retail stores' revenue pursuant to the terms and conditions as set out in the respective tenancy agreements and minimum annual lease payment terms that are fixed.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

11 INTANGIBLE ASSETS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
At the beginning of the period/year	135,226	103,209
Additions	26,272	47,633
Amortisation	(10,805)	(15,135)
Written-off	-	(481)
At the end of the period/year	150,693	135,226

Intangible assets included the indefeasible right of use in certain capacity of the telecommunications network of the former subsidiary for a term of 20 years and capitalised development costs for systems and platforms for Ecommerce business and New Ventures and Technology business.

The Group holds indefeasible right of use in certain capacity of the telecommunications network for its Ecommerce business. Lump sum payments were made upfront to acquire these intangible assets, and there are no ongoing payments to be made under the terms of the lease.

The amortisation charge and write-off of intangible assets for the period are included in "other operating expenses" in the consolidated income statement.

12 OTHER FINANCIAL ASSETS

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

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



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

13 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

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

(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
	445,862	382,760

(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.

14 BANKING FACILITIES

At 30 June 2024, the uncommitted banking facilities of the Group amounted to HK\$1,015,041,000 (31 December 2023: HK\$1,016,613,000). These banking facilities were secured by the Group's other financial assets of HK\$193,563,000 (31 December 2023: HK\$284,335,000) and bank balances of HK\$286,374,000 (31 December 2023: HK\$119,657,000) as at 30 June 2024. The facilities were utilised to the extent of HK\$27,376,000 as at 30 June 2024 (31 December 2023: HK\$26,409,000).

All of the Group's banking facilities are subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

15 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "2012 Share Option Scheme") which was adopted by shareholders of the Company on 31 December 2012 whereby the directors may, at their discretion, invite eligible participants to receive options to subscribe for shares subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme expired on 31 December 2022 at its 10th anniversary of adoption.

Under the 2012 Share Option Scheme, the Company may grant options to Talents (including executive, non-executive and independent non-executive directors), suppliers and professional advisers to subscribe for shares of the Company. The maximum number of options authorised under the 2012 Share Option Scheme may not, when aggregated with any shares subject to any other executive and talent share option scheme, exceed 10% of the Company's issued share capital on the date of adoption. The exercise price of the option is determined by the Company's board of directors at a price not less than the higher of (a) the average closing price of the Company's shares for five trading days preceding the grant date; and (b) the closing price of the Company's shares on the date of grant. The 2012 Share Option Scheme is valid and effective for a ten-year-period up to 30 December 2022 subject to earlier termination by the Company by resolution in general meeting or by the board of directors. The period during which the option may be exercised will be determined by the board of directors at its discretion, save that no option may be exercised after more than ten years from the date of grant.

No share options were granted during the six months ended 30 June 2024 and year ended 31 December 2023.

Total net reversal of equity-settled share-based payment expenses amounted to HK\$1,117,000, among which reversal of HK\$1,207,000 was recognised in the consolidated income statement and HK\$90,000 was capitalised as intangible assets, with the offset in capital reserve, for the six months ended 30 June 2023. There were no share-based payment expenses reversed or recognised during the six months ended 30 June 2024.

	Period ended 30 June 2024		Year ended 31 December 2023	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
2012 Share Option Scheme				
Outstanding at the beginning of the period/year	2.70	43,081,762	2.80	44,451,400
Exercised during the period/year	-	-	3.30	(904,788)
Forfeited during the period/year	9.75	(1,184,300)	11.48	(464,850)
Outstanding at the end of the period/year	2.50	41,897,462	2.70	43,081,762
Exercisable at the end of the period/year	2.50	41,897,462	2.70	43,081,762

The weighted average closing share price immediately before the dates on which the options were exercised during the six months ended 30 June 2023 was HK\$5.3. There were no share options exercised during the six months ended 30 June 2024.

The options outstanding at 30 June 2024 had exercise prices ranging from HK\$1.45 to HK\$4.43 (31 December 2023: ranging from HK\$1.45 to HK\$12.79) and a weighted average remaining contractual life of 3.9 years (31 December 2023: 4.5 years).



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

16 SHARE CAPITAL

	30 June 2024		31 December 2023	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	888,545,781	1,805,004	923,089,993	1,800,972
Shares issued under share option scheme	-	-	904,788	4,032
Shares repurchased and cancelled	-	-	(35,449,000)	-
At the end of the period/year	888,545,781	1,805,004	888,545,781	1,805,004

(a) Shares issued under share option scheme

During the six months ended 30 June 2024, no ordinary shares were issued under share option scheme.

During the six months ended 30 June 2023, 734,538 ordinary shares were issued at weighted average exercise price of HK\$3.42 per ordinary share to share option holders who had exercised their options with an aggregate cash consideration of HK\$2,512,000 of which HK\$3,144,000 was credited to share capital and the balance of HK\$632,000 was debited to the capital reserve.

(b) Shares repurchased and cancelled

During the year ended 31 December 2023, the Company repurchased 35,449,000 of its shares on the Stock Exchange for an aggregate consideration (include related expenses) of approximately HK\$110,638,000, which was paid wholly out of retained profits. The repurchase was governed by section 257 of the Hong Kong Companies Ordinance and 35,449,000 shares repurchased were cancelled during the year.

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified as determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

30 June 2024	Fair value measurements categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets:				
- Debt securities measured at FVOCI	37,817	85,835	-	123,652
- Units in investment funds measured at FVPL	3,529	42,519	-	46,048
- Equity securities designated at FVOCI	27,315	-	-	27,315
- Perpetual bonds designated at FVOCI	-	27,541	-	27,541
31 December 2023	Fair value measurements categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets:				
- Debt securities measured at FVOCI	46,857	179,211	-	226,068
- Units in investment funds measured at FVPL	3,213	45,069	-	48,282
- Equity securities designated at FVOCI	22,930	-	-	22,930
- Perpetual bonds designated at FVOCI	54,044	10,448	-	64,492

During the six months ended 30 June 2024, there were transfers of financial assets between Level 1 and Level 2 due to observability of prices in the market resulting from level of market activities, while there were no transfers into or out of Level 3 (six months ended 30 June 2023: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair values of other financial assets are based on quoted market prices in active markets for similar instruments or quoted prices for identical or similar instruments in markets that are not considered active at the end of the reporting period.

(b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at 30 June 2024 and 31 December 2023.



Notes to the Financial Statements

(Expressed in Hong Kong dollars)

18 COMMITMENTS

Capital commitments

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Purchase of property, plant and equipment		
Contracted but not provided for	35,720	42,285
Construction of Ecommerce and Distribution Centre		
Contracted but not provided for	2,890	28,551

In addition, at 30 June 2024 the Group has entered or committed to enter into certain number of leases of 1 to 3 years that are not yet commenced, the lease payments under which amounted to HK\$5,645,000 in total (31 December 2023: certain number of leases of 1 to 3 years that are not yet commenced, the lease payments under which amounted to HK\$2,297,000 in total).

19 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions.

Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Short-term employee benefits	12,133	11,300
Retirement scheme contributions	715	646
	12,848	11,946

20 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 30 July 2024, the Company announced a completion of a conditional cash offer of share buy-back and cancellation of 100,000,000 shares bought-back by the Company at HK\$2.15 per share. As a result, the total number of issued ordinary shares was reduced from 888,545,781 to 788,545,781.

21 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 and the unaudited consolidated income statement have been restated to conform with the current period's presentation.

Independent Review Report



Review report

To the Board of Directors of Hong Kong Technology Venture Company Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 46 which comprises the consolidated statement of financial position of Hong Kong Technology Venture Company Limited and its subsidiaries as of 30 June 2024 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

23 August 2024



Other Information

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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests or short positions of the Company's Directors, chief executives and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director	Interests in shares			Total interests in shares	Interests in underlying shares pursuant to share options	Aggregate Interests	Approximate percentage interests in the Company's issued share capital (Note 1)
	Personal interests	Corporate interests	Family Interests				
Mr. Cheung Chi Kin, Paul	26,453,424	24,924,339 (Note 2(i))	-	51,377,763	9,000,000	60,377,763	6.80%
Mr. Wong Wai Kay, Ricky	-	355,051,177 (Note 2(ii))	-	355,051,177	10,000,000	365,051,177	41.08%
Ms. Wong Nga Lai, Alice	50,000	-	-	50,000	4,000,000	4,050,000	0.46%
Mr. Lau Chi Kong	-	-	-	-	4,000,000	4,000,000	0.45%
Ms. Zhou Huijing	-	-	-	-	3,500,000	3,500,000	0.39%

Notes:

- This percentage is based on 888,545,781 ordinary shares of the Company issued as at 30 June 2024.
- The corporate interests of Mr. Cheung Chi Kin, Paul ("Mr. Cheung") and Mr. Wong Wai Kay, Ricky ("Mr. Wong") arise through their respective interests in the following companies:
 - 24,924,339 shares are held by Worship Limited which is 50% owned by Mr. Cheung.
 - 355,051,177 shares are held by Top Group International Limited ("Top Group"), a corporation accustomed to act in accordance with Mr. Wong's directions; the interests of Top Group in the Company is also disclosed under the section "Substantial Shareholder" in this report.

Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and derivative to ordinary shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SHARE OPTION SCHEMES

2012 Share Option Scheme

The Company adopted a share option scheme approved by its shareholders on 31 December 2012 (“2012 Share Option Scheme”).

Under this scheme, the Directors may, at their discretion, invite eligible participants to take up options to subscribe for shares subject to the terms and conditions stipulated therein.

This scheme expired on the 10th anniversary of its adoption (i.e. 31 December 2022), after which no further option can be granted thereunder but in all other respects, the provisions of this scheme shall remain in force and all options granted prior to such expiry shall continue to be valid and exercisable in accordance therewith.

Details of the share options granted under the 2012 Share Option Scheme during the six months ended 30 June 2024 are as follows:

Participants	Date of grant	Exercise price per share HK\$	Balance as at 1 January 2024	Options granted during the period	Options exercised during the period	Options canceled/lapsed during the period	Balance as at 30 June 2024	Vesting period	Exercise period
Directors									
Mr. Cheung Chi Kin, Paul	26 May 2017	1.464	9,000,000	-	-	-	9,000,000	26 May 2017 to 28 February 2018	1 March 2018 to 22 March 2027
Mr. Wong Wai Kay, Ricky	26 May 2017	1.464	10,000,000	-	-	-	10,000,000	26 May 2017 to 28 February 2018	1 March 2018 to 22 March 2027
Ms. Wong Nga Lai, Alice	23 March 2017	1.464	1,000,000	-	-	-	1,000,000	23 March 2017 to 28 February 2018	1 March 2018 to 22 March 2027
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2021	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2022	27 March 2022 to 26 March 2030
Mr. Lau Chi Kong	21 February 2017	1.450	1,000,000	-	-	-	1,000,000	21 February 2017 to 28 February 2018	1 March 2018 to 20 February 2027
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2021	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2022	27 March 2022 to 26 March 2030
Ms. Zhou Huijing	21 February 2017	1.450	500,000	-	-	-	500,000	(Note 1)	(Note 1)
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2021	27 March 2021 to 26 March 2030
	27 March 2020	4.434	1,500,000	-	-	-	1,500,000	27 March 2020 to 26 March 2022	27 March 2022 to 26 March 2030
Talents under continuous employment contracts									
Talents	21 February 2017	1.450	393,000	-	-	-	393,000	(Note 1)	(Note 1)
	21 February 2017	1.450	2,535,000	-	-	-	2,535,000	21 February 2017 to 28 February 2018	1 March 2018 to 20 February 2027
	27 December 2019	3.420	3,456,600	-	-	90,150 (Note 2)	3,366,450	27 December 2019 to 31 December 2020	1 January 2021 to 26 December 2029
	27 December 2019	3.420	5,397,162	-	-	294,150 (Note 2)	5,103,012	27 December 2019 to 31 December 2021	1 January 2022 to 26 December 2029
	31 March 2021	12.788	800,000	-	-	800,000 (Note 3)	-	(Note 3)	(Note 3)
Total			43,081,762	-	-	1,184,300	41,897,462		



Other Information

SHARE OPTION SCHEMES (Continued)

Notes:

1. The exercise of the options is subject to certain conditions that must be achieved by the grantees. The options vested on 1 March 2018 and shall be exercised not later than 20 February 2027.
2. The options were cancelled during the period under review.
3. The exercise of the options is subject to certain conditions that must be achieved by the grantees. The options lapsed during the period under review due to the certain conditions cannot be met within 36 months from its date of grant.

2020 Share Option Scheme

The Company adopted a share option scheme approved by its shareholders on 2 June 2020 ("2020 Share Option Scheme").

Under this scheme, the Directors may, at their discretion, invite eligible participants to take up options to subscribe for shares subject to the terms and conditions stipulated therein.

Up to the date of this report, the Company has not granted any share option under this scheme since its adoption.

As at 1 January 2024 and 30 June 2024, the number of options available for grant under the 2020 Share Option Scheme is 89,957,714 and 89,957,714 respectively.

SHARE AWARD SCHEME

2021 Share Award Scheme

The Company adopted a share award scheme on 31 March 2021 ("2021 Share Award Scheme").

Up to the date of this report, the Company has not granted any share awards under this scheme since its adoption.

As at 1 January 2024 and 30 June 2024, the number of awarded shares available for grant under the 2021 Share Award Scheme is 91,598,574 and 91,598,574 respectively.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2024, the interests or short positions of the persons, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company required to be kept under Section 336 of the SFO were as follows:

Name	Interests in shares in long positions	Approximately percentage interests (Note)
Top Group International Limited	355,051,177	39.96%

Note: This percentage is based on 888,545,781 ordinary shares of the Company issued as at 30 June 2024.

SUBSTANTIAL SHAREHOLDER (continued)

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any persons (other than the Directors and chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2024, the Company complied with all the applicable code provisions as set out in Appendix C1 of the Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's last published annual report is set out as follows:

1. Mr. Mak Wing Sum, Alvin has retired as an independent non-executive director of Goldpac Group Limited (a company listed on the Stock Exchange) effective from the conclusion of its annual general meeting held on 21 May 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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
Cheung Chi Kin, Paul
Chairman

Hong Kong, 23 August 2024