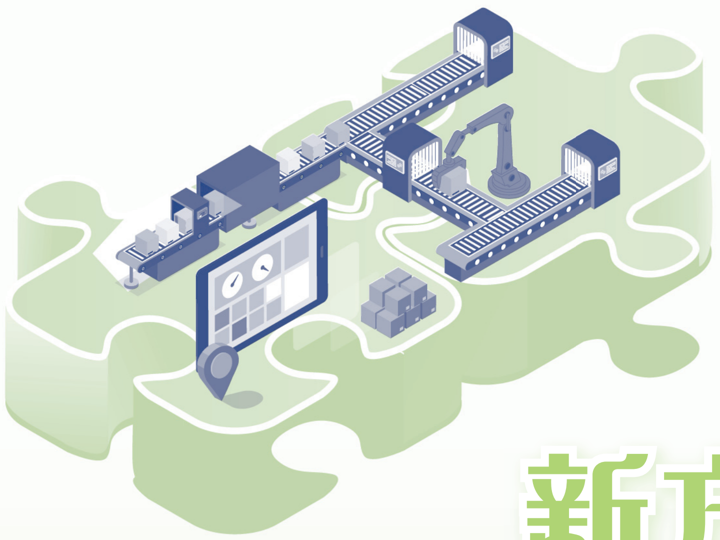
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
香港科技探索有限公司

SEHK STOCK CODE 香港交易所股份編號 : 1137

www.hktv.com.hk

Always Something New

2023 ANNUAL REPORT 年報



新方向 新策略

把握市場新機遇

NEW DIRECTION NEW APPROACH

Seizing New Market Opportunities

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Financial Information

Group Operational and Financial Highlights

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

	For the year ended 31 December 2023	For the year ended 31 December 2022	Change in Percentage
Gross Merchandise Value ("GMV") on order intake[1]	**8,423,983**	8,276,171	1.8%
GMV on completed orders[2]	**8,330,130**	8,188,137	1.7%
Turnover	**3,811,706**	3,828,051	(0.4%)
EBITDA[3,5]	**130,622**	255,197	(48.8%)
EBITDA margin* (in %)	**1.6%**	3.1%	(1.5%)
Adjusted EBITDA[4,5]	**122,717**	316,388	(61.2%)
Adjusted EBITDA margin* (in %)	**1.5%**	3.9%	(2.4%)
Profit attributable to shareholders of the Company	**45,321**	212,204	(78.6%)
Net profit margin* (in %)	**0.6%**	2.6%	(2.0%)
Capital expenditures – Property, plant and equipment (excluded other properties leased for own use)	**258,830**	260,425	(0.6%)

* As a percentage of GMV on completed orders

	As at 31 December 2023	As at 31 December 2022	Change in percentage
Cash position[6]	**573,593**	705,807	(18.7%)
Other financial assets	**361,772**	344,533	5.0%
Total equity attributable to equity shareholders of the Company	**2,145,348**	2,208,793	(2.9%)
Number of shares in issue (in thousands)	**888,546**	923,090	(3.7%)
Net asset per share (HK$)	**2.41**	2.39	0.8%

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 year 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), amortisation of contract costs 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 and write-off of receivables and other contract costs, net.

5 EBITDA and adjusted EBITDA are not the 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.

Group Operational and Financial Highlights

RECONCILIATION OF ADJUSTED EBITDA

	For the year ended 31 December 2023 HK$'000	For the year ended 31 December 2022 HK$'000
Profit for the year	**45,321**	212,204
Income tax credit	**(6,557)**	(69,844)
Investment returns[7]	**(42,774)**	(22,171)
Depreciation – on property, plant and equipment (excluded depreciation on other properties leased for own use)	**119,497**	122,162
Amortisation on intangible assets	**15,135**	12,043
Amortisation on other contract costs	**–**	803
EBITDA	**130,622**	255,197
Major non-cash items:		
Valuation losses/(gains) on investment properties	**600**	(650)
Net exchange (gain)/loss	**(4,364)**	6,018
(Reversal)/provision of expected credit losses on debt securities measured at FVOCI	**(214)**	42,247
Provision of expected credit losses on interest receivable	**–**	1,600
Unrealised fair value loss on units in investment funds measured at FVPL	**772**	13,263
(Reversal)/provision of equity-settled share-based payment expenses (after capitalisation)	**(1,207)**	1,146
Gain on unwinding the discounting effect of rental deposits	**(3,471)**	–
Write-off of receivables and other contract costs, net	**–**	16,295
Government subsidies	**(21)**	(18,728)
Adjusted EBITDA	**122,717**	316,388

[7] 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.

Major Milestones and Events

1992

MAY
City Telecom (H.K.) Limited was incorporated in Hong Kong

1997

JAN
Launch of IDD300 Calling Service

AUG
City Telecom was listed on the Stock Exchange of Hong Kong Limited

1998

NOV
The first company to receive the licenses of ISR voice service in Hong Kong

1999

JAN
Launch of IDD 1666 Direct Calling Service

NOV
ADR listing on the Nasdaq National Market of USA

2000

FEB
Hong Kong Broadband Network Limited ("HKBN"), a subsidiary of City Telecom obtained the local wireless FTNS license

MAR
Launch of Broadband Internet services by HKBN

2001

MAY
CTI International awarded the Satellite-based Fixed Carrier license

2002

APR
HKBN upgraded to become a wireline-based FTNS license

JUN
Launched of HKBN IDD0030 service

2003

AUG
HKBN officially launched IP-TV service

2004

NOV
HKBN announced the launch of "bb100", Hong Kong's first 100Mbps residential broadband service

Major Milestones and Events

2005

APR
HKBN launched "bb1000" Fibre-To-The-Home 1Gbps residential broadband service

OCT
HKBN launched 2b Broadband Phone Service, providing VoIP service to local and overseas users via software version broadband phone

2006

SEP
City Telecom enhanced Work-Life Balance with the launch of eight Talent beneficial measures

2007

MAR
HKBN enhanced Digital TV Platform and launched new application "bbBOX"

2008

JAN
HKBN launched free WiFi service at public housing estates

FEB
HKBN awarded contract for the provision of payphone service at the Hong Kong International Airport

2009

NOV
HKBN launched "AWESOME SPEED. FOR EVERYONE" 100Mbps broadband at HK$99/month (US$13)

DEC
HKBN shattered the one-millionth mark for Fixed Telecommunications Network Services subscriptions

2010

MAR
City Telecom celebrated 10 Years on NASDAQ

MAR
HKBN launched bb100 + WiFi services at Hong Kong International Airport

APR
HKBN launched 1 Gbps broadband for HK$199/month (US$26)

NOV
Mr. Ricky Wong, Chairman, was awarded Ernst & Young Entrepreneur of The Year 2010 China for Telecom Category

DEC
HKBN launched HD online music portal – MusicOne

Major Milestones and Events

2011

MAY
Surpassed 10,000 symmetric 1Gbps subscribers

JUN
Awesome HK$9.9/month (US$1.30) HomeTel Switch-Over Offer for incumbent's customers

JUN
Incredible 1Gbps Triple-Play (1Gbps Broadband, HomeTel, bbTV) for HK$158/month (US$20/month)

AUG
City Telecom announced the establishment of Worldclass Multimedia Centre, doorway to multimedia creativity

2012

FEB
Groundbreaking of City Telecom's Multimedia Production and Distribution Centre

MAY
City Telecom sold HKBN and all telecom businesses to CVC Capital Partners, a global private equity firm

2012

SEP
City Telecom celebrated 20th Anniversary: Together We Create TV Miracles

DEC
City Telecom launched "TV Network Naming Ceremony and Programme Preview" event

2013

JAN
City Telecom renamed as Hong Kong Television Network Limited (HKTV)

DEC
HKTV announced new developments to its multimedia business. Upon the completion of acquiring mobile TV service licence and spectrum, Over-The-Top (OTT) Internet content platform as well as mobile TV service will be launched

2014

OCT
HKTV entered into content licensing agreement for broadcast and distribution rights with ASTRO, bringing HKTV's dramas to audience in Southeast Asia region

NOV
With "Always Something New" as corporate vision, HKTV announced its grand launch of OTT content platform. The public can watch HKTV's self-produced dramas, variety & infotainment programs via Internet-connected devices

DEC
Trial run for online shopping mall

Major Milestones and Events

2015

FEB
Grand launch of online shopping mall "HKTVmall". Starting with the slogan "We Sell Whatever You Can Imagine", HKTV worked with more than 333 stores from Hong Kong, Japan & Korea, targeting to be a large scale online shopping mall in Hong Kong

MAR
HKTV App was available on PlayStation®4

AUG
HKTVmall's mega MTR advertising campaign dominated more than 50 MTR stations

SEP
Construction work of the Multimedia Production and Distribution Centre commenced

2016

JUL
Expanded our warehouse and logistics centre to Tsing Yi for an additional 144,000 square feet

AUG
Launched first of its kind Online Electronic Product Warehouse Sale, offering super discounted products as well as gifts

OCT
Launched "Win $4 Million to Buy a Home!" Lucky Draw and opened the 1st O2O Concept Store in North Point

2017

JAN
Opened the 2nd O2O Concept Store in South Horizons

OCT
Grandly opened 10th O2O Concept Store at Shatin CityOne

2018

JAN
"THE BASE – Ecommerce Incubation Programme" officially launched

MAR
Robotic & automatic picking & warehousing system at Tsing Yi logistics centre in full operation

APR
The first Open API partnership with Citibank to launch Citi Pay with Points on HKTVmall

JUN
Partners with PayMe to launch seamless, secure mobile payments on HKTVmall App

DEC
Opened 4,000 square feet concept store at Hong Kong-Zhuhai-Macao Bridge Passenger Clearance building

Major Milestones and Events

2019

JAN
Sales record reached historical high at 44,100 daily orders & more than HK$24.5 million for GMV on 8th January

MAR
Opened the 46th O2O Concept Store at Tsuen Wan Belvedere Garden

MAR
Automated picking & warehousing system at the logistics centre of Tseung Kwan O headquarters commenced operation

JUL
Opening of new logistics centre in Tuen Mun

OCT
Empowered by the one-month "Thankful Festival", sales performance was pushed to a record high with GMV reaching HK$275.5 million and average 19,500 daily orders for October 2019

2020

FEB
Cooperates with large scale outsourced companies and individual drivers, ramping up to as high as 350 trucks operating daily

FEB
Collaborates with a number of well-known chain retailers, including Baleno, CATALO, Foodwise, GIORDANO and Hung Fook Tong, to have their outlets serving as pick up points for HKTVmall customer orders, making up a total of 115 pick up points

FEB
Crossbelt sorter system at the logistics centre in Tuen Mun commenced operation

MAR
Established mask factory and started production of surgical masks

2020

JUL
Partners with Citibank to launch the first HKTVmall co-brand credit card

NOV
Setting up Shoalter Technology to expand overseas business for the Group, to share our unique knowledge, experiences and technical skills, with the first overseas office in Taiwan and recruiting IT Talents to support research & development in software and mechanical systems

DEC
HKTVmall ranked the first in Top Trending Shopping Sites and second in Top Trending Keywords of Google Hong Kong Year in Search 2020

Major Milestones and Events

2021

JAN
First Online Flower Market to support local florists by offering a special commission rate, as well as breaking traditional limitation for retail to have live streaming on both HKTVmall Live Shopping Channel and social media page for promotion

FEB
Expanding delivery network to South Lantau and other remote areas to expand to new customer segments

APR
Launch of second hand market place "EcoMart", encouraging sustainable shopping and enhancing customer bonding

2021

JUN
Added 3 new electronic payment systems at HKTVmall online platform and all O2O Shops to provide diversified, agile and secure payment services to customers, and launched the amazing offer – Buy $500 HKTVmall e-Gift Voucher at 30% off

JUL
HKTV renamed as Hong Kong Technology Venture Company Limited

JUL
HKTVmall ranked the 2nd in YouGov Recommend Rankings 2021 Hong Kong

AUG
Launch of a new integrated education platform "HKTV eCommerce Academy" to provide comprehensive and diversified training courses with the participation from different eCommerce and digital marketing experts, aiming to enrich the successful skills on running online shopping for retailers

2021

AUG
Shoalter Automation Limited, an indirect wholly-owned subsidiary of HKTV filed its first Hong Kong standard patent application in respect of its Automated Retail Store and System invention, which is the first of its kind in the world

OCT
Opened the first HKTVmall Supermarket in Tseung Kwan O with over 4,400 sq. ft, providing over 3,000 product choices to customers, and meet the shopping needs of customers from different segments

2022

FEB
HKTVmall ranked the 1st in YouGov Best Buzz Rankings 2021, reelected as the most popular brand in Hong Kong

Major Milestones and Events

2022

JUL
The first "HKTV Open Day" was held, providing over 130 job vacancies with the on-the-spot interview with a record of over 430 visitors joining the event

AUG
Launch of a social community "ShareHub" as the first step of social eCommerce. Merchants and customers to create and share life contents together, giving shopping a fresh look by incorporating components like attention, sharing, interaction, and discussion

SEP
HKTVmall ranked No.2 in YouGov Recommend Rankings 2022 Hong Kong

SEP
HKTV celebrated its 30th anniversary and held various celebration events to share the joy with Talents

2022

SEP
Following the opening of HKTVmall Supermarkets in Tseung Kwan O, Ma On Shan, Sai Wan and Tuen Mun, the 5th HKTVmall Supermarket in Tai Yuen Estate at Tai Po was opened

OCT
The second "HKTV Open Day" was held with more emphasis on Management Trainee Program, adding mock interviews and mock aptitude tests, allowing participants to interact with the Group's management and know more about the Group's business opportunities

OCT
Launched "Wet Market Express", providing express delivery for food options at the same price levels as wet markets. Our own delivery fleet offers delivery as quick as 3 hours, making online shopping experience on HKTVmall more comprehensive

2022

NOV
Launch of a new self-run official store "UK Store by HKTVmall", importing products from the United Kingdom to Hong Kong by our own buyers, to provide over 800 product options with "British Taste, British Rate"

DEC
Expands the markets outside Hong Kong actively by extending delivery service to Macau, providing Macau customers with over 650,000 product options, as well as expanding new customer segments for HKTVmall merchants

DEC
Achieved the first phase of Last Mile Service Pledge, with more than 95% of customer orders placed during weekdays being fulfilled with "2-day Delivery" in the 2H2022. And around 16,000 product items under HKTVmall's direct inventory management are able to achieve delivery as quickly as 12 hours

Major Milestones and Events

2023

JAN
Offbeat Technology Hong Kong Limited, an indirect wholly-owned subsidiary of HKTV, launched cross-border eCommerce platform – Everuts, connecting customers with International Personal Shoppers "Exploruts" around the world and offering one-stop global purchasing service

APR
Hong Kong Service Awards hosted by East Week Magazine presented HKTVmall with Lifestyle Optimization Award

APR
The first physical "UK Store by HKTVmall" was opened on Caine Road, Central, allowing customers to experience "British Taste, British Rate"

2023

MAY
HKTVmall further extended its last mile delivery service to the United Kingdom and launched "Ship to UK", offering over 700,000 product options to customers in the UK

MAY
"Wet Market Express" service extended to wet markets in Kowloon and Hong Kong Island

MAY
HKTVmall reinforced live shopping service with the launch of the new "HKTVLive", which supports 100 concurring live channels throughout the day and enables merchants to directly interact with viewers and promote their products

2023

JUL
Launched an all-in-one independent eStore solution – ThePlace, aiming to assist merchants in starting their online business easily and flexibly with sufficient traffic support

JUL
The 144,000 square feet Third Party Logistics Centre in Tsing Yi started its operation and launched Third Party Logistics Service, providing merchants with one-stop order and fulfilment management

JUL
Hosted "HKTV Open Day" for the third time, offering over 100 job vacancies with over 350 participants joining the event

Major Milestones and Events

2023

AUG
The first pilot store of the Fully Automated Retail Store and System started in Manchester, the United Kingdom under the brand "in:Five"

AUG
"Wet Market Express" service covered over 90% of HKTVmall's prevailing customer base, which is well ahead of the original target of covering 75% of prevailing customer base as mentioned in 2022 Annual Results

SEP
HKTVmall extended its last mile delivery service to the third locations outside Hong Kong and launched "Ship to Australia"

2023

NOV
HKTVmall launched "Ship to Canada", marking it the fourth delivery location outside Hong Kong

NOV
The second physical "UK Store by HKTVmall" was set up in Queensway Plaza

NOV
The promotion video – "Try Once – Try to be a HKTVmall Wet Market Express Professional" – jointly published by "Wet Market Express" and YouTube Channel – Mil Milk won "Best Collaboration: Brand & Creator" award presented by the third annual YouTube Works Awards

NOV
HKTVmall launched a mega-scale promotion campaign – "Mom-certified!" and distributed HK$3,000 discounted cash vouchers to HKTVmall accounts held by citizens across Hong Kong. Joining hands with 50 real "mom" customers, creative advertisements covered 58 MTR stations, spreading a total of 3,120 billboards

2023

DEC
HKTVmall added "Display Store" as a new store format, enabling customers to search for merchants' self-run eStore on HKTVmall searching engine, promoting HKTVmall to become a major "Shopping Search Engine"

2024

JAN
HKTV signed a Memorandum of Understanding (MoU) with Vocational Training Council (VTC), committing to work together to nurture future elites in the eCommerce sector, which marks the Group's first MoU with a local tertiary institution

JAN
HKTVmall further shortened the delivery time of the last mile delivery. Over 50,000 groceries can be delivered to customers in as quick as 8 hours

Flexible

Business Model

Chairmen's Statement

Dear Shareholders,

2023 marks a turning point for our outlook and future prospects.

Amid a complicated and ever-changing global economy and political environment, the Hong Kong economy and society are constantly evolving. Hong Kong's population, including its demographic composition, educational mindset, income levels, age distribution, etc., is undergoing structural changes. Coupled with the downturn in economic confidence, volatile and softened financial and stock markets, falling property prices and reduced trading volume, the retail consumption atmosphere has been significantly weakened. In parallel with the influence from external and global economic and political environment, we anticipate a decline in the local consumer market, in which significant growth as in the past will be unlikely. Although HKTVmall has established a leading position in the Hong Kong Ecommerce market, there is still room for further development with a current market share of less than 5% in the overall retail industry. However, to sustain high growth momentum, it is necessary to capture business from the physical retail market, which will be challenging, thus requiring more efforts in marketing promotion.

In addition, citizens have resumed outbound travel together with the change in consumption patterns for some Hong Kong consumers with increasing confidence towards the quality of Mainland's products that lead to a surge in cross-border consumption, the retail industry in Hong Kong, especially in houseware products, supermarket products and groceries, faces competition pressure from physical stores and Ecommerce platforms in Mainland. In light of these changes and reasons, we are seriously considering adjusting the future contingency plans and strategies for HKTVmall:

1. Achieving the target of HK$12 billion in the overall GMV on order intake by 2026 is not an easy task. To achieve this goal, we will significantly increase advertising expenses and marketing promotion costs. However, we anticipate that even with a substantial increase in marketing efforts, the growth rate of GMV on order intake will slow down compared to previous years. Therefore, the target of 2026 may need to be delayed.

2. The Group has never been afraid of competition and continuously evaluates the market competitive environment. To cope with the competition pressure from physical stores and Ecommerce platforms in Mainland, we need to attract more merchants outside Hong Kong and may need to engage in price wars to gain market share while increasing operational costs in all aspects.

3. In the coming years, we will accelerate the deployment and investment in "Wet Market Express" services as it will become one of HKTVmall's unique advantages. As mentioned in point 2, Hong Kong's houseware products, supermarket products and groceries face competition pressure from large-scale supermarkets in Mainland. However, local fresh food and wet market goods still possess certain "irreplaceable" advantages. Although this service is currently operating at a loss which may continue to expand in the next year and the following year, this situation is similar to the early days of HKTVmall. We must first increase the business volume to further reduce the cost per order and turn losses into profits.

Chairmen's Statement

The Fully Automated Retail Store and System in the UK are still in the investment phase. We need an additional one to two years to refine the design of the system and stores overall operations. Although we are confident in this new technology and consumer acceptance, developing new business in the UK faces certain difficulties including insufficient management resources, work cultural differences, establishment of relationships with UK suppliers from scratch, and the time required to form an efficient work team. Despite facing various challenges, we still believe that for the long-term benefit of the Group, it is a necessary task to expand business outside Hong Kong and diversify business operations and investment locations.

The management has always put "long-term growth" as the prime mission. When balancing long-term survival goals and short-term profitability, we prioritize the former. To face the structural changes in Hong Kong's society and economic system, we must strengthen investments in all aspects and actively explore new businesses in and outside Hong Kong. At the same time, we aim to maintain a stable management team and workforce to bring long-term returns to shareholders.

We hope our shareholders understand that in the next three to five years, the Group will roll out many new concepts, technologies and business development, where allocation of resources and funds will be needed. Use of internal resources and balance between income and expenses will be the management's major consideration.

Meanwhile, we will continue to buyback the Company's shares. We firmly believe that this action provides a more appropriate path for investors who choose to leave the Group while increasing returns to shareholders who are confident in the Group to make long-term investments.

Cheung Chi Kin, Paul
Chairman

Wong Wai Kay, Ricky
Vice Chairman

Hong Kong, 27 March 2024

ADAPT TO CHANGES IN CONSUMER BEHAVIOR

Management's Discussion and Analysis

BUSINESS REVIEW

Hong Kong Ecommerce Business

For 2023, the Hong Kong Ecommerce business segment had the following changes:

1. The addition of 3PL service, as management considered that its economic characteristics and nature of service and operating processes are similar to the fulfilment process for completing HKTVmall's 1P Business. The inclusion of 3PL service in the same segment is considered as an expansion of fulfilment options to fulfill HKTVmall's customer orders;

2. The addition of ThePlace, as management considered its business model is an extension of the partnership options for retailers joining HKTVmall and form part of the HKTVmall ecosystem;

3. The reallocation of Wet Market Express to New Ventures and Technology business segment, as management considered this business is a distinct business model that requires separate resource allocation and performance evaluation.

In this regard, certain comparative figures are updated to reflect the above changes accordingly[8].

Despite the Hong Kong retail sector's ongoing recovery falling short of market expectations and lagging behind pre-COVID-19 sales value, together with the pressure brought by shifting purchase habits to away from Hong Kong retail market, in 2023, HKTVmall still managed to achieve an aggregate GMV on order intake of HK$8,292.9 million (2022: HK$8,276.2 million).

Nevertheless, we still experienced a moderate drop in the quarterly average purchase frequency per customer from 5.1x in the fourth quarter of 2022 ("4Q2022") to 4.6x in the fourth quarter of 2023 ("4Q2023") and the quarterly average main categories purchased per customer was 3.0 main categories in the 4Q2022 versus 2.90 main categories in 4Q2023.

While we recognize that the recovery of the retail sector will require a gradual process, we have maximized this period to fortify our Ecommerce foundation. This involved expanding our online merchant base, diversifying our product selection, and growing our user and customer base.

Drive Cross Product Categories Growth beyond Groceries

In 2023, we generated HK$8,210.3 million GMV on completed orders (2022: HK$8,188.1 million). Due to economic limitations and a slow recovery in the retail sector, the year-on-year growth has been modest. Despite the challenges, we maintained our focus on driving cross-category sales, and user and customer base expansion through digital channels and large-scale marketing campaign.

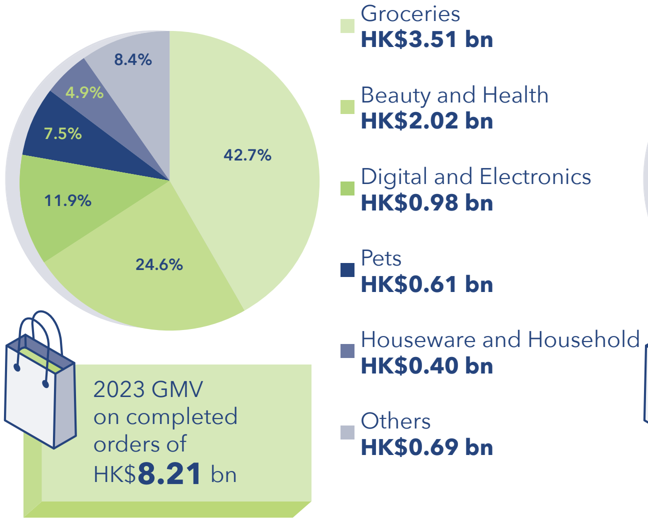
On 2 November 2023, we launched a marketing campaign "Mom-Certified" with our advertisement dominated the trackside panels of 58 MTR stations and strategically distributed discounted cash vouchers totaling not less than HK$3,000 to HKTVmall users covering HKTVmall, Wet Market Express, Everuts and delivery to locations outside of Hong Kong. This concerted effort aims to drive users to make purchases in less frequent purchase product categories and to expand our customer base through acquisition of new users.

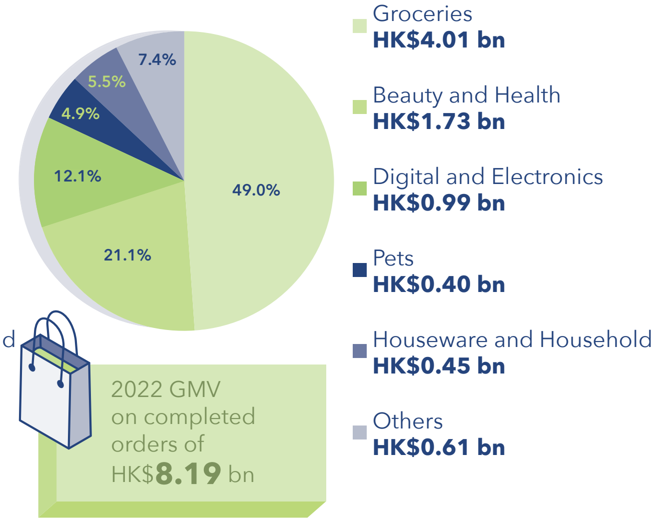
8 Comparative figures in 2022 for Hong Kong Ecommerce business are not adjusted to exclude Wet Market Express given its integrated and shared costs with HKTVmall and insignificant net financial impact.

Management's Discussion and Analysis

Together with the efforts from digital channels and diversified merchant commission plans, the cross-category sales started to yield positive outcomes during the year, particularly on Pets, and Beauty and Health product categories as shown in the below chart.

Product categories distribution (based on GMV on completed orders)





Comparing to 2022, the major changes are as follows:

1. **Pets:** increased by HK$0.21 billion, representing a year-on-year growth of 52.5% and becoming the Top 4th main product category at HKTVmall. The remarkable upswing in performance can be primarily attributed to the effective implementation of a competitive commission scheme since 2021. This strategic measure has significantly influenced the product category's performance, leading to an exceptional growth trajectory throughout 2023.

2. **Beauty and Health:** increased by HK$0.29 billion, representing a year-on-year growth of 16.8%, largely attributed to two key factors: a significant decrease in mask-wearing practices and a rising trend of health and hygiene consciousness among consumers.

3. **Groceries:** remained the largest contributing product category, experienced a decrease of HK$0.5 billion in GMV on order intake but the number of unique customers was on increasing trend over time. The decline in GMV on order intake was attributed to the fact that the first half of 2023 accounted for slightly more than two-thirds of the decrease that occurred, mainly caused by two factors: (a) the significant surge in demand during February and March 2022 due to the fifth wave of COVID-19 pandemic which did not recur in 2023; and (b) the increase in outbound travel after the removal of the travel restriction since late 2022. The decline gradually narrowed during the second half of 2023.

Growing Solid User Base and Customer Base in and beyond Hong Kong

During 2023, one of the key focuses was to expand the user base which has yielded an exciting result. We have successfully increased the number of Monthly Active App Users[9] from 1.52 million users in December 2022 to an impressive 1.68 million users in December 2023, with the highest recorded number of users reaching 1.78 million in November 2023. The overall user base is on growth trend and the fluctuation in user numbers could be primarily attributed to the significant increase in outbound travel during the long holiday season which is expected to be a temporary decrease in user activity during that period.

9 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.

Furthermore, we have experienced a net addition of approximately 104,000 unique customers made purchases during 2023, bringing our total number of unique customers to approximately 1,507,000 in 2023 (2022: 1,403,000 unique customers). These remarkable outcomes have laid a robust foundation for future growth in GMV at HKTVmall and other New Venture projects.

The user base and customer base is also benefited from the last mile extension to locations outside of Hong Kong. To extend the customer relationship and to capture business opportunities arising from the increase in emigrating Hong Kong permanent residents, HKTVmall has been extending its delivery footprint to Macau in late 2022, the United Kingdom, Australia, and Canada during 2023. This last mile extension has aided to solidify the user base and customer base over time.

Furthermore, the increasing popularity of ShareHub also contributed to the growing user base. This social platform embedded in HKTVmall has launched an affiliate program "More! Dollar!" during 2023 aiming to enhance stickiness by incentivizing content creators and followers with Mall Dollars for driving purchases at HKTVmall. Benefited from the enriching content at ShareHub, the user base has increased to over 960,000 unique users in 2023 which is a solid base to generate additional traffic and potential revenue for HKTVmall.

8-hour Delivery Empowered by Our 3PL Service

Powered by automation system and robotics, our 3PL service aims to provide HKTVmall merchants with one-stop order processing and fulfilment management services so as to better serve our customers with reliable and expedited delivery. The service is supported by the following:

1. 144,000 square feet fulfilment center designed and tailored for 3PL Service;

2. Capacity to store and handle approximately 100,000 product items, taking into account variations in product mix; and

3. Daily order picking capacity of 20,000+ orders, considering the complexity and structure of each individual order.

Merchants entrusted their fulfilment process to our 3PL Service has benefited commercially from as quick as 8 hours order-to-delivery customer experience and higher ranking at HKTVmall key word search results. The top three 3PL merchants achieved a notable growth in the total store GMV for the months from joining our 3PL service to December 2023, as compared to the same period in 2022, with a gadget merchant store achieving an exceptional 198% increase in GMV, a personal care merchant store experiencing an outstanding 84% growth, and a pet merchant realizing a notable 62% surge in GMV. These remarkable outcomes highlight the value and advantages our service brings to merchants in driving significant business growth over time.

Strategic Change in 1P and 3P Business Performance

Throughout 2023, we maintained a consistent mix between direct merchandise sales ("1P Business") and merchant concessionaire sales ("3P Business"), with approximately 29.7% GMV on completed orders attributed to 1P Business and 70.3% to 3P Business (2022: 30.1% versus 69.9% respectively).

We remain committed to our strategy of ensuring stable supplies through 1P Business for recurring purchases. Simultaneously, we are focused on expanding and diversifying our merchant base and product offerings. This includes venturing into overseas direct imports and actively growing our merchant base through the implementation of flexible business models and fulfilment options, such as the 3PL service and the launch of all-in-one eStore solution – ThePlace for different merchant segment. In December 2023, our platforms have further enlarged the product choices by offering approximately 1.60 million product items to consumers from more than 6,400 merchants and suppliers.

As mentioned in 2023 interim results, we deliberately decreased our gross profit margin during the year to maintain online competitiveness and to achieve the above strategy to enrich our online consumer choices. In this regard, the gross profit performance is in line with our expectation.

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 year ended 31 December 2023 HK$'000	For the year ended 31 December 2022 HK$'000
Direct merchandise sales		
GMV on completed orders[2,10]	**2,441,413**	2,465,635
Cost of inventories	**(1,865,094)**	(1,819,490)
Gross profit	**576,319**	646,145
Gross profit margin	**23.6%**	26.2%
Income from concessionaire sales and other service income		
GMV on completed orders[2]	**5,768,861**	5,722,502
Merchant payments (net off by other service income)	**(4,511,856)**	(4,456,562)
Income from concessionaire sales and other service income[11]	**1,257,005**	1,265,940
Blended commission rate	**21.8%**	22.1%
Total GMV on completed orders[2]	**8,210,274**	8,188,137
Total gross profit and income from concessionaire sales and other service income[10,11]	**1,833,324**	1,912,085
Total gross profit margin and blended commission rate	**22.3%**	23.4%
Multimedia advertising income and licensing of programme rights		
Multimedia advertising income	**150,527**	131,597
Other programme license	**10**	33
	150,537	131,630
Gross contribution from Ecommerce business segment	**1,983,861**	2,043,715
Income from New Ventures and Technology business segment	**12,744**	5,357
Gross contribution from Ecommerce and New Ventures and Technology business segments	**1,996,605**	2,049,072

10 For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK$4,364,000 (2022: HK$718,000) and use of promotional coupon of HK$44,067,000 (2022: HK$39,297,000).

11 For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK$1,562,000 (2022: HK$496,000) 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 decreased to 22.3% in 2023 (2022: 23.4%) mainly caused by the following factors:

1. Deliberate 1P Business gross profit margin reduction to 23.6% (2022: 26.2%)

   The deliberate reduction aims to maintain competitive pricing for online groceries, drive purchases in less frequently bought product categories, and expand the customer base. This strategic approach is particularly crucial for online platforms, where 1P customers serve as a solid foundation for sustained repeat visits and purchases.

2. Optimized 3P Business strategy yields minor decrease in blended commission rate to 21.8% (2022: 22.1%)

   Income from concessionaire sales and other service income includes commissions and other service income earned from concessionaire sales at HKTVmall and ThePlace, and service income from 3PL service.

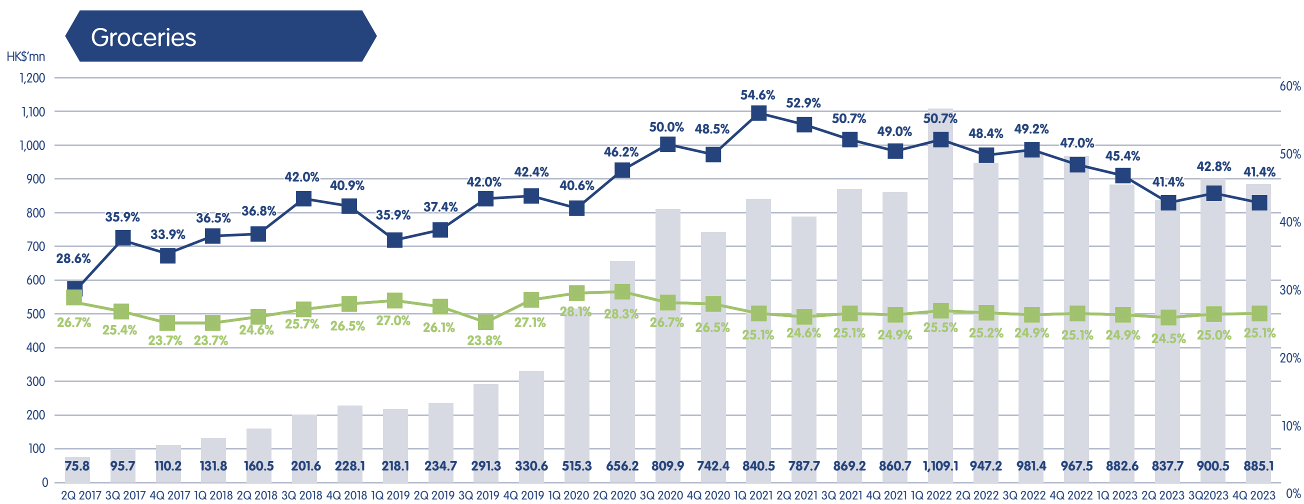
   To incentivize retailers to develop their Ecommerce business, in the second half of 2022, in addition to our existing merchant standard delivery plan which our logistics team handles last mile delivery to customers, we expanded the delivery options which merchants can have an option to arrange their own last mile delivery and benefit from a lower commission rate.

   This new merchant delivery plan has largely benefited the Digital and Electronics, Beauty and Health and Pets product categories by enlarging the merchant choices and product choices to the consumer market and an obvious GMV growth on Beauty and Health and Pets product categories was observed in 2023. Hence, the blended commission rate was slightly affected comparing to 2022.

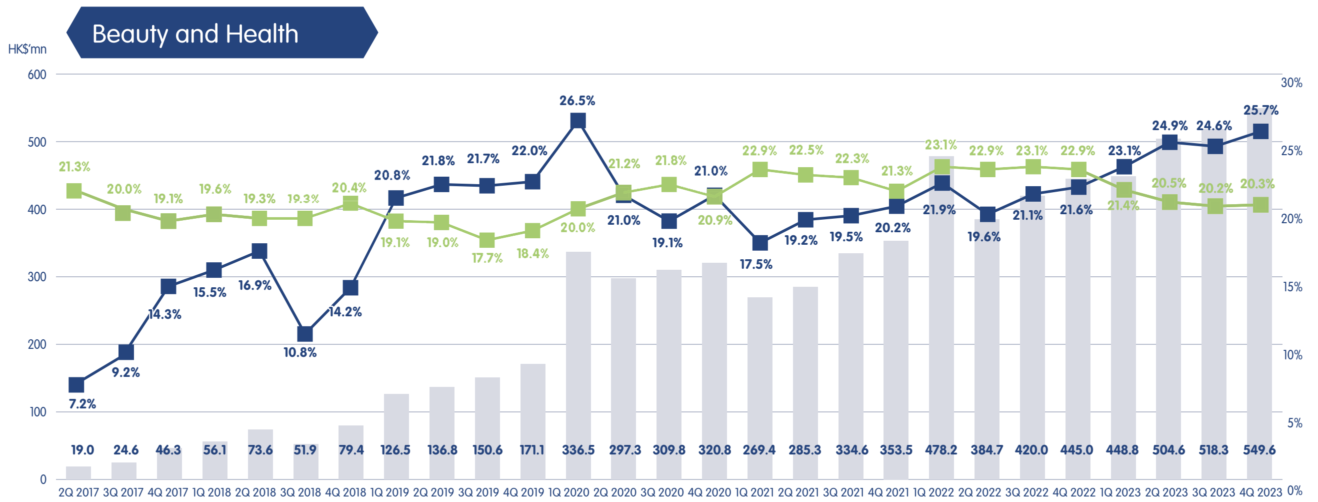
3. Stabilized multimedia advertising income of HK$150.5 million (2022: HK$131.6 million)

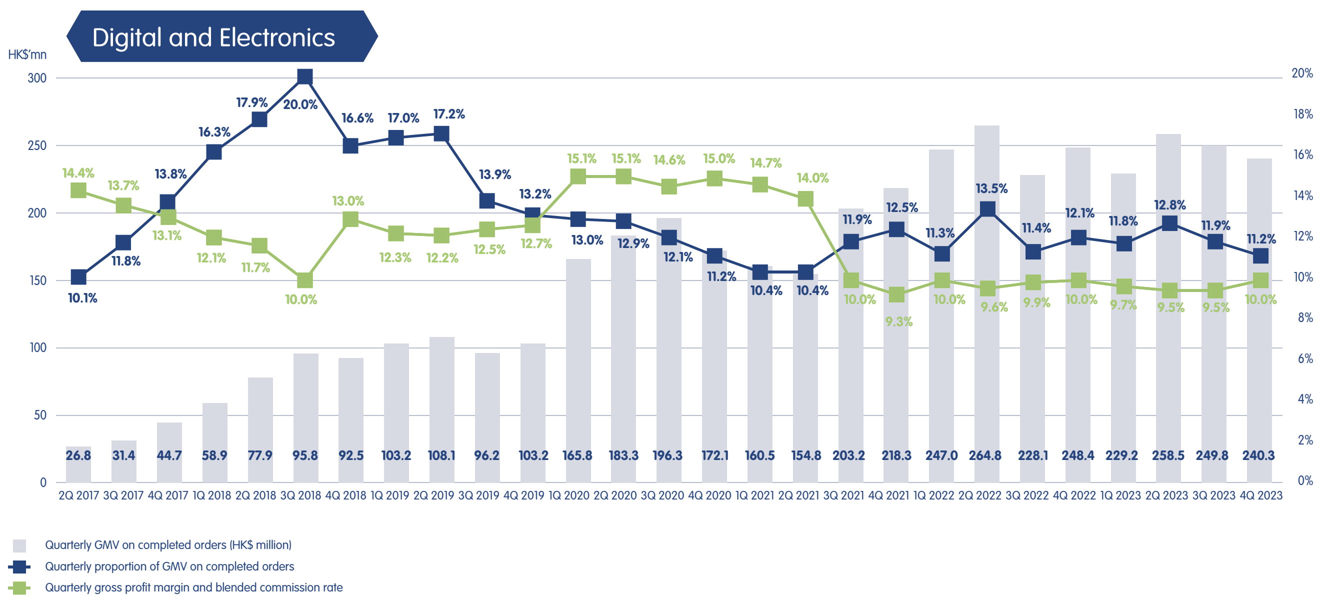
   Despite the challenging operating environment in Hong Kong, we managed to have a 14.4% growth on multimedia advertising income in 2023. This has essentially demonstrated a gradual adoption of digital channels at HKTVmall platform by our suppliers, merchants, and business partners to drive their business growth. In the coming year(s), we will invest to drive further data adoption by our partners for future monetization.

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



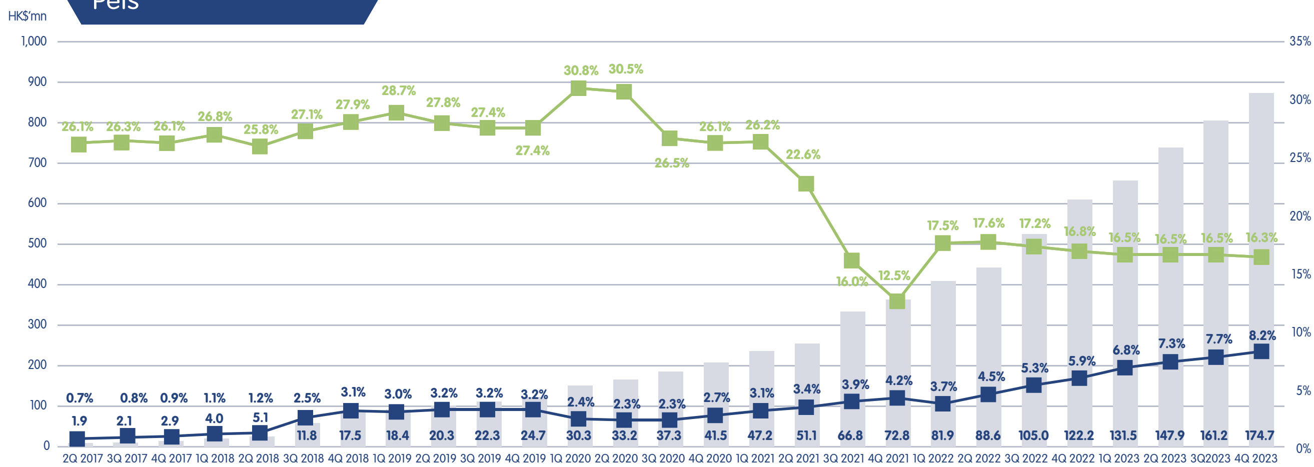
Management's Discussion and Analysis



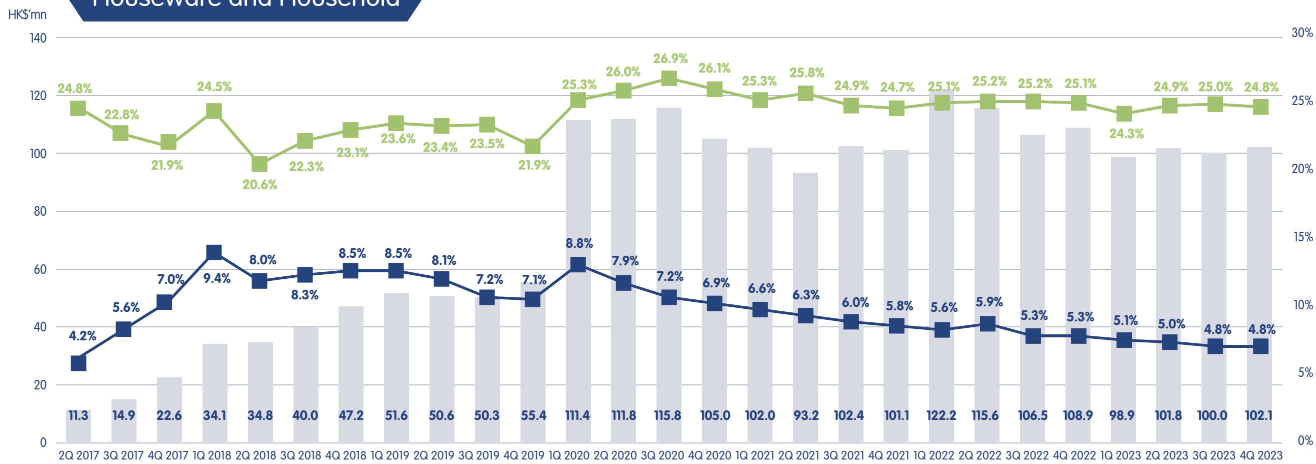


Management's Discussion and Analysis

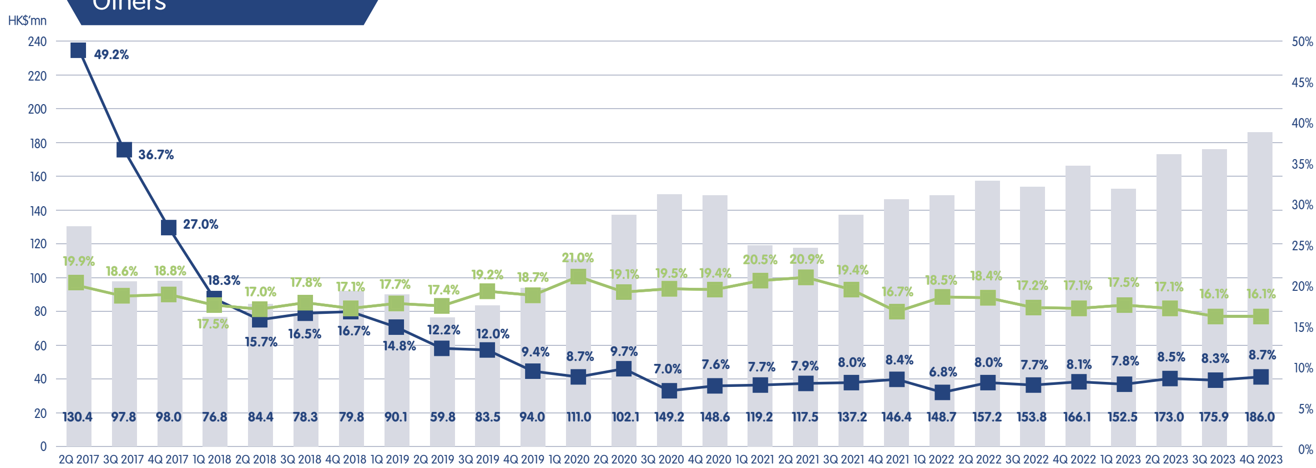
Pets



Houseware and Household



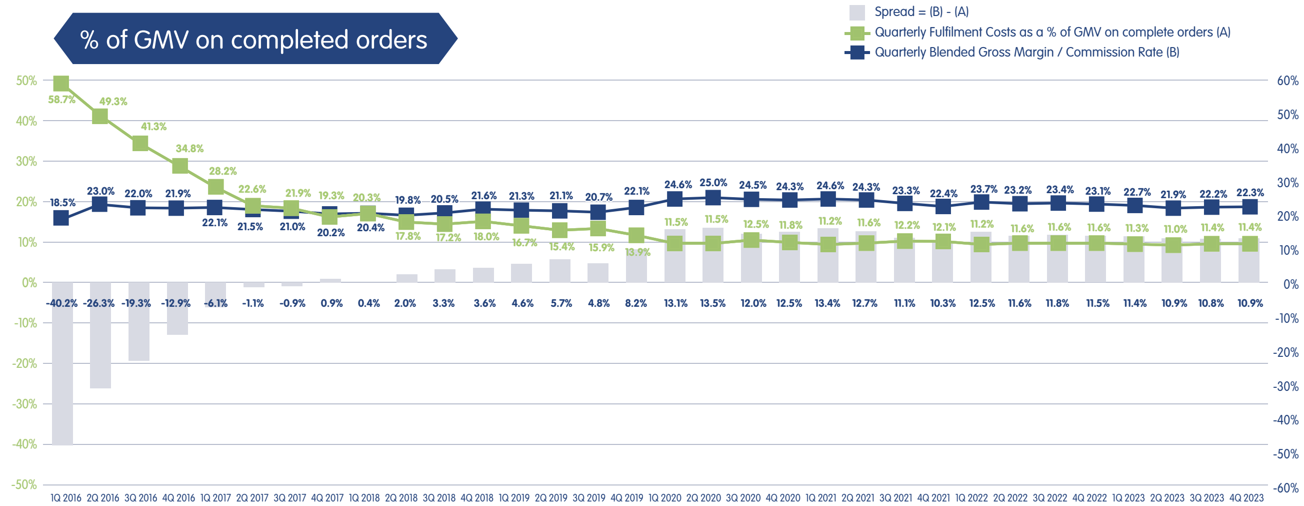
Others



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

Planned and Disciplined Fulfilment Cost Efficiency

The fulfilment costs as a % of GMV on completed orders for HKTVmall (after the inclusion of 3PL service operating costs) remained quite stable.



Remark:

1. Quarterly Fulfilment Costs as a % of GMV on completed orders included the interest on lease liabilities of HK$14.3 million, HK$10.1 million, HK$7.4 million, HK$5.9 million and HK$4.8 million for year 2023, 2022, 2021, 2020 and 2019 respectively 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

New Ventures and Technology Business

In 2023, we officially launched various New Venture projects at HKTV Group and they are under different phases of development and achievements, and the Group is still absorbing the unavoidable start-up losses from these projects. Below are the highlights of certain key venture projects.

Embedding Wet Market Express as Part of the Online Ecosystem

Aiming to connect freshness to consumers' doorstep, Wet Market Express was quickly expanded its consumer reach to more than 91.5% of HKTVmall customer base in the third quarter of 2023. This extensive network coverage enables Wet Market Express to quickly revolutionize the way consumers experience fresh products by providing unparalleled convenience, reliability, and delivery in as quick as a 3-hour window. Now, consumers can reach more than 400 wet market merchants offering more than 20,000 product items with their fingertips.

Impressively, we successfully grew the number of unique customers purchasing wet market products through HKTVmall App with a remarkable 10 times growth in 12-month period. All these efforts have translated into approximately HK$100.6 million GMV on Order Intake in 2023, with almost 10 times growth on monthly GMV on order intake when comparing January 2023 with December 2023.

The rapid growth of Wet Market Express can be attributed to our strategic use of social media. Our creative and down-to-earth promotional content resonates with consumers, capturing their attention and fostering brand awareness. By staying connected and responsive, we are building a loyal customer base that appreciates our commitment to freshness and convenience.

Everuts

Everuts has experienced phenomenal growth since its January 2023 launch. Our network of personal shoppers has expanded to a thriving global community exceeding 6,000, with even more joining our ranks, spanning over 30 countries and locations worldwide. This growth strengthens the supply side of our Everuts App. Hong Kong, Macao and Thailand consumers can directly request specific items or seek personalised recommendations from our personal shoppers, ensuring they find exactly what they desire. While the widespread adoption of this business model in the consumer market may require time, we are gradually scaling up the operations of Everuts. In 2023, Everuts generated approximately HK$30.4 million in GMV on order intake, reflecting the initial progress and growth of the business.

The global consumer landscape is constantly evolving, with a rising demand for unique and personalised shopping experiences, where local online and offline retailers cannot fulfil the demands. While overseas purchasing options exist, navigating them can be complex. Everuts offers a solution that prioritises customer needs and fosters long-term user adoption. Our innovative model empowers consumers to break free from the limitations of traditional stores. Unlike a limited product selection, Everuts provides access to a vast array of possibilities with a strong focus on luxury, fashion and hobbyist goods like toys and figures, and even sporting equipment.

Security remains paramount at Everuts. We employ rigorous measures to ensure safe and secure transactions for all users. Your payment is a guarantee – the product you request will be shipped to you, safeguarding you from scams and unauthorised charges.

Beyond security, Everuts fosters a highly engaging environment. Our global interactive live shopping shows have proven popular, but the true heart of our community lies in the vibrant Everuts Group Chats. These chats allow Exploruts to build trust and relationships with target audiences through ongoing dialogues, fostering a strong sense of community between our Exploruts and customers.

Everuts prioritises long-term growth strategies. By investing in this innovative and customer-centric shopping experience, we are building a robust and sustainable business model poised for continued success.

First Self-Invented Smart Store in Manchester – in:Five

Our self-invented Fully Automated Retail Store and System had its first pilot store launched in late August 2023 in Manchester, the United Kingdom under the brand "in:Five". 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.

The project team will need another 1 to 2 years' time to continue refining the design of the system and reviewing the store operation to optimize the effectiveness and efficiency for future mass scale deployment.

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 the year, the Group recorded a 1.7% growth on GMV on completed orders, reaching HK$8,330.1 million (2022: HK$8,188.1 million). The Group's turnover decreased by 0.4% to HK$3,811.7 million in 2023 (2022: HK$3,828.1 million) which is composed of:

1. HK$2,393.0 million from direct merchandise sales (2022: HK$2,425.6 million);

2. HK$1,268.2 million from concessionaire sales and other service income (2022: HK$1,265.4 million);

3. HK$150.5 million from multimedia advertising income and licensing of programme rights (2022: HK$131.6 million); and

4. No Technology business income was recognized in 2023 (2022: HK$5.4 million).

With the 1.3% decrease in direct merchandise sales, the cost of inventories increased by 2.5% to HK$1,865.1 million (2022: HK$1,819.5 million), which drove a decrease in gross profit margin to 23.6% (2022: 26.2%). The decrease in gross profit margin can be attributed to multiple factors, one of which is the objective of maintaining competitiveness in the online groceries sector. Additionally, efforts were made to encourage online purchases of less frequently bought product categories and to acquire new customers by leveraging the grocery segment as an entry point.

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 2023, other operating expenses increased by HK$110.6 million to HK$1,979.3 million (2022: HK$1,868.7 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 21.2% in 2023 (2022: 20.5%).

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

	2023 As a % of GMV on completed orders	2023 HK$ million	2022 As a % of GMV on completed orders	2022 HK$ million
Fulfilment costs *(note 1)*	**11.3%**	**930.1**	11.7%	961.6
Marketing, promotional and O2O shop marketing expenses	**2.7%**	**222.5**	2.4%	194.3
O2O shop operating expenses *(note 2)*	**2.4%**	**196.7**	1.8%	146.2
Ecommerce operation and supporting costs	**4.8%**	**391.4**	4.6%	376.9
Hong Kong Ecommerce business segment key operating expenses	**21.2%**	**1,740.7**	20.5%	1,679.0
New Ventures and Technology business segment key operating expenses *(note 3)*		**136.5**		76.0
Other unallocated operating expenses		**32.8**		30.0
Total key operating expenses		**1,910.0**		1,785.0
Major non-cash items *(note 4)*		**137.1**		137.3
Less: Marketing, promotional and O2O shop marketing expenses deducted in turnover		**(50.0)**		(40.5)
Less: Interest on lease liabilities included in finance costs		**(17.8)**		(13.1)
Total other operating expenses		**1,979.3**		1,868.7

Notes:

1. Including depreciation – other properties leased for own use of HK$85.2 million (2022: HK$69.7 million) and interest on lease liabilities of HK$14.3 million (2022: HK$10.1 million).

2. Including depreciation – other properties leased for own use of HK$74.1 million (2022: HK$74.8 million) and interest on lease liabilities of HK$2.5 million (2022: HK$2.6 million).

3. Including depreciation – other properties leased for own use of HK$6.3 million (2022: HK$4.7 million) and interest on lease liabilities of HK$0.9 million (2022: HK$0.4 million).

4. Excluding depreciation – other properties leased for own use of HK$165.6 million (2022: HK$149.2 million).

On Hong Kong Ecommerce business segment key operating expenses:

(1) **Fulfilment costs** incurred for warehousing and logistics activities, including the operation of 3PL service and allocation of shop pick-up costs. The overall fulfilment costs, as a percentage to GMV on completed orders, decreased from 11.7% in 2022 to 11.3% in 2023. This reduction can be attributed primarily to two factors. Firstly, there were decreased operating expenses and talent costs in 2023, which were a result of removed measures taken in response to the COVID-19 pandemic in 2022. These removed measures included reductions in daily rate manpower, outsourcing service providers, hardship allowances, additional shop pick-up charges, and recharges.

Secondly, the introduction of a merchant delivery plan in the second half of 2022 enhanced the efficiency of our fulfilment and last mile delivery resources, which allowed us to meet the growing demands of our business while managing costs effectively. However, the full year fulfilment costs incurred for the soft launch of 3PL service in 2023 has partially offset the overall benefits.

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

Including the HKTVmall Mall Dollars granted and promotional coupons used amounting to HK$50.0 million (2022: HK$40.5 million) which was deducted in the turnover, the total expenses as a percentage to GMV on completed orders increased to 2.7% (2022: 2.4%). The total expenses amounted to HK$222.5 million in 2023, compared to HK$194.3 million in 2022.

This increase was primarily due to the implementation of additional promotional activities during 2023 following the recovery from the COVID-19 pandemic in 2023. Notably, a significant promotional event "Mom-Certified" with advertisements dominated the trackside panels of 58 MTR stations together with the strategic distribution of discounted cash vouchers totaling not less than HK$3,000 to HKTVmall users was launched during November and December 2023 contributing to the increased expenses.

(3) **O2O shop operating expenses** include shop operating expenses and relevant Talent costs incurred, which increased from 1.8% of GMV on completed orders in 2022 to 2.4% in 2023. The increase in operating expenses was mainly due to less recharge to fulfilment function for shop pick-up orders and full force on shop operations during 2023 in view of the relaxation of COVID-19 measures which has partially shifted the delivery options back to door-to-door last mile delivery, but in the meantime, with increased shop point-of-sales activities. The number of O2O shops were 87 in December 2023 (included 5 mega stores) and 93 in December 2022 (including 5 mega stores).

(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 capitalisation as intangible assets and other supporting functions. The Ecommerce operation and supporting costs increased from 4.6% in 2022 to 4.8% in 2023 of GMV on completed orders.

(5) **New Ventures and Technology business segment key operating expenses** mainly represent (a) the start-up operating expenses associated with New Venture projects; (b) the research and development costs incurred which are not qualified for capitalisation as intangible assets or other contract costs; and (c) allocated costs from shared support functions. The increase in expenses can be primarily attributed to full year effect on operating expenditures and the growing business scale for Wet Market Express and Everuts.

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

(7) **Major non-cash items** mainly include depreciation on property, plant and equipment, amortisation of intangible assets, amortisation of other contract costs and equity-settled share-based payment. The decrease was mainly due to HK$2.8 million decrease in depreciation on property, plant and equipment (excluding depreciation on other properties leased for own use) caused by certain fully depreciated computer equipment and motor vehicles and a reversal of equity-settled share-based payment expenses (after capitalisation) of HK$1.2 million in 2023 (2022: provision of HK$1.1 million).

During the year ended 31 December 2023, a valuation loss of the Group on investment properties of HK$0.6 million (2022: gain of HK$0.7 million) was recognised based on the valuation carried out by an independent firm of surveyors at year end.

Other income, net, of HK$90.6 million was earned in 2023 (2022: HK$15.5 million), which mainly composed of investment returns generated from other financial assets and bank deposits of HK$42.8 million (2022: HK$22.2 million), rental income from investment properties of HK$23.8 million (2022: HK$23.8 million), partially net off by the unrealised fair value loss on units in investment funds measured at FVPL of HK$0.8 million (2022: HK$13.3 million), reversal of for expected credit losses on debt securities measured at FVOCI of HK$0.2 million (2022: provision of HK$42.2 million), and net exchange gain of HK$4.4 million (2022: loss of HK$6.0 million). The significant increase in income was mainly due to (a) in 2022, there was a provision for expected credit losses on a 10-year bond issued by one of the major financial institutions in Russia acquired almost 10 years' ago, which are defaulted as a result of the Russia-Ukraine conflict and international sanction measures imposed on Russia's financial system; and (b) increase in bank interest income by HK$17.7 million.

Finance costs are mainly composed of interest on lease liabilities of HK$17.8 million (2022: HK$13.1 million).

An income tax credit of HK$6.6 million was recognised in 2023 (2022: HK$69.8 million) included a deferred taxation credit of HK$7.4 million (2022: HK$71.3 million).

Overall, the Group generated a profit for the year of HK$45.3 million for 2023 (2022: HK$212.2 million) and an adjusted EBITDA profit of HK$122.7 million (2022: HK$316.4 million).

If excluding the adjusted EBITDA for New Ventures and Technology business segments and unallocated head office and corporate net income/(expense), and the inter-segment margin, the adjusted EBITDA for Hong Kong Ecommerce business is HK$256.4 million in 2023 (2022: HK$377.5 million).

On New Ventures and Technology business segment, it incurred an adjusted EBITDA loss of HK$126.2 million in 2023 (2022: HK$57.0 million) mainly for the below New Ventures project:

1. Wet Market Express of HK$50.0 million

2. Fully Automated Retail Store and System of HK$44.5 million

3. Everuts of HK$21.1 million

4. Life Science Project of HK$2.5 million

The increase in loss was mainly attributed to the full year impact on start-up operating losses incurred for New Venture projects particularly due to the expanding business scale for Wet Market Express and Everuts and allocated uncapitalised research and development costs and supporting costs, while in 2022, certain operating expenses were incurred for a solution client which had ceased operation in July 2022.

Management's Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2023, the Group had total cash position representing cash at bank and cash equivalents and time deposits of HK$573.6 million (31 December 2022: HK$705.8 million) and no outstanding borrowings. The decrease in total cash position was mainly due to the increase in net investment in financial assets of the investment portfolio of HK$12.5 million, the capital and interest element of lease rentals of HK$172.0 million, payment made for purchases of property, plant and equipment of HK$196.4 million, share repurchase payment of HK$110.6 million, HK$47.5 million increase in payment for the addition to intangible assets, partially net off by the cash inflow generated from operating activities of HK$366.7 million, interest and investment income received of HK$36.7 million, net proceeds of HK$3.0 million from issuance of new shares for exercised share options during the year, and proceeds received from disposal of property, plant and equipment of HK$0.3 million.

On investment in other financial assets, the Group has invested, at fair value, HK$361.8 million as at 31 December 2023 (as at 31 December 2022: HK$344.5 million). As at 31 December 2023, there was a net deficit of HK$20.0 million being recorded in fair value reserve (non-recycling and recycling) (31 December 2022: a net deficit of HK$21.6 million). During the year, the total fair value change on other financial assets (after netting of expected credit losses recognised) amounted to surplus of HK$1.1 million (2022: deficit of HK$72.5 million), in which deficit of HK$0.8 million (2022: deficit of HK$57.1 million), deficit of HK$1.1 million (2022: deficit of HK$8.5 million) and surplus of HK$2.8 million (2022: deficit of HK$6.9 million) were recorded in profit or loss, fair value reserve (recycling) and fair value reserve (non-recycling) respectively.

Consistent with the overall treasury objectives and policy, the Group undertakes treasury management activities with respect to its surplus cash assets. The criteria for selection of investments include the relative risk profile involved, the liquidity of an investment, the after tax equivalent yield of an investment and, investments that are not speculative in nature. In line with its liquidity objectives, the Group invests mostly in liquid instruments, products or equities, such as investment grade products, constituent stocks of defined world indices or state owned or controlled companies, and time deposits. Investment in fixed income products and time deposits 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 31 December 2023, the Group had utilised facilities of HK$26.4 million (31 December 2022: nil), leaving HK$1,016.6 million (31 December 2022: HK$979.7 million) uncommitted banking facilities available for future utilisation.

Our total cash and cash equivalents consisted of cash at bank and in hand and time deposits within three months of maturity, if any. As at 31 December 2023 and 31 December 2022, the Group had not pledged any bank deposits as securities 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 31 December 2023 and 31 December 2022 and hence no gearing ratio was presented. The Directors are of the opinion that, after taking into consideration the internal available financial resources and the current banking facilities, the Group has sufficient funds to finance its operations and to meet the financial obligations as and when they fall due.

During 2023, the Group invested HK$258.8 million on capital expenditure as compared to HK$260.4 million in 2022. For the upcoming capital expenditure requirements, we will remain cautious and subject to the future business development of the Group and it is expected to be funded by internal resources within the Group and the available banking facilities. Overall, the Group's financial position remains sound for continued business expansion.

Fund raising activity

For the purpose of strengthening the Group's financial position and the medium term funding of its expansion and growth plan, on 11 February 2020, the Company entered into a placing agreement ("Placing Agreement") with Top Group International Limited (the "Vendor") and UBS AG Hong Kong Branch (the "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 (the "Placing"), and the Vendor agreed to subscribe for 90,000,000 new ordinary shares of the Company (the "Subscription Shares") at HK$5.15 per share (the "Subscription"). 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) as 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 2022 HK$ million	Amount utilised as at 31 December 2023 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	150.5	200.0	By the end of 2023
(ii)	Adding the 6th fulfilment centre	40	40.0	40.0	By the end of 2022
(iii)	Adding around 200 to 250 delivery trucks	around 90 to 110	35.7	52.3	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	349.4	415.5	

Charge on Group Assets

As of 31 December 2023, the Group's banking facilities of HK$1,043.0 million were secured by the Group's other financial assets of HK$284.3 million and cash of HK$119.7 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 31 December 2023 and 31 December 2022, the Group had no material contingent liabilities or off-balance-sheet obligations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of principal risks and uncertainties directly or indirectly pertaining to the Group's business. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or currently deemed immaterial but may adversely affect us in future.

1. Risks relating to our business and operations

Performance of the Group's core businesses will be affected by various factors, including but not limited to the macro and local economic conditions, performance of the consumer market in Hong Kong and other major operating countries, the attractiveness and effectiveness of our product offerings, pricing and promotional strategies to generate new and recurring purchases through our online shopping platform, effectiveness of the operational cost and quality control, our judgement on future customer demand and preferences, technological stability and advancement, which could not be fully mitigated even with careful and prudent investment strategy and business plan. Our business plans and strategies are formulated based on a number of assumptions, including successful cooperation with our business partners, and are expected to place substantial demands on our managerial, operational, financial and other resources. The failure to achieve any of the assumptions and to achieve at an efficient manner could increase our costs of operation and investment. Besides, we may incur substantial expenditure to develop the business before we can generate significant revenue and profit from our core businesses. As a result, our business may not be able to become profitable in the future.

Moreover, we launched our online shopping business in February 2015, the limited operating history made it difficult to evaluate our business, financial performance and prospects and may not be indicative of our future performance.

Operational risk is the risk of loss resulting from default on the Group's suppliers, service providers and ineffective, inadequate or failure of internal processes, people and systems or from external factors which may cause various level of adverse impact on the results of operations. As our online shopping business is operating online through our website or app and customer payments are made through our website by collaborating with third-party online payment processing service providers, proper functioning of our technology platform and the third party's payment platforms are essential to our business. Any failure to maintain the satisfactory performance of these website and systems could materially and adversely affect our online shopping business and reputation.

Moreover, as the customer order completion for the online shopping business is highly reliant on the successful product delivery to our customers, any interruption in our fulfilment operation and system, including the warehousing and delivery services, the operating of the robotic system and O2O shops for an extended period, or if we cannot run the logistics and warehousing function in an effective and efficient model which are still human-capital intensive, our online shopping business could be materially and adversely affected.

We may incur liability or become subject to penalties for counterfeit or unauthorised products sold on our website, or for products sold on our website or content posted on our website that infringe on third-party intellectual property rights, or for the sale of products and services on our website that do not comply with the applicable laws and regulations, or for other misconduct. Although we have adopted measures to verify, on a best effort basis, the legality, authenticity and authorisation of products and services sold on our website and to avoid potential risks in the course of sourcing and selling products and services, we may not always be successful.

2. Risks relating to the legal and regulatory environment and compliance

Our business is subject to the laws and regulations of Hong Kong and other operating jurisdictions including Macau, Taiwan, Canada, Australia and the United Kingdom, in the areas of e-commerce and online marketplace liabilities, sale of goods and services, trade descriptions, intellectual property, product safety, food safety, data privacy, insurance, dutiable commodities, product responsibility, competition, listing and others. Whilst we manage compliance attentively and responsibly, any failure to comply with laws and regulations may result in legal proceedings against us with regulatory and/or criminal liability and sanctions. In any event, dealing with complaints, investigations, or legal proceedings, regardless of their outcome, could be costly and time-consuming and could divert management attention. More importantly, the long-term sustainability of our business is largely dependent on a steady and balanced regulatory environment. Unanticipated changes in laws, regulations, policies or regulatory practices by the relevant authorities may require us to change our business strategies and practices, and consequently, could materially adversely affect our business.

3. Financial risk management policies and practices

The financial risk management policies and practices of the Group are shown in note 24 to the financial statements.

Management's Discussion and Analysis

PROSPECTS

Navigating Targets: Challenges and Economic Prospects in Hong Kong

In 2024, the retail landscape in Hong Kong faces fresh challenges. The Hong Kong Government projects a modest real growth rate of 2.5% to 3.5% for the 2024–2025 Budget[#], reflecting cautious market sentiment. Additionally, changing consumer purchasing habits to beyond Hong Kong exert further pressure on the retail sector. Amidst these dynamics, management faces challenges of projecting the Group's performance for the next two to three years and the target of achieving HK$12.0 billion GMV on order intake by 2026 is shrouded in uncertainty and will require tremendous, sustained effort and strategic investments.

When establishing the 2024 key performance targets, management exercises prudence in taking into consideration the prevailing business environment and market dynamics.

HKTVmall (excluding 3PL Service and ThePlace) 2024 Target

Business Target	2024 Target	2023 Actual Achievement
Annual GMV on Order Intake	HK$8.7 billion to HK$9.1 billion	HK$8.29 billion
Blended gross profit margin and commission rate (before including multimedia advertising income)	22.0% to 22.5%	22.2%
Multimedia advertising income	HK$143.0 million	HK$150.5 million
Key operating expenses as a % of GMV on completed orders:		
(a) Fulfilment costs	10.7%–10.8%	10.8%
(b) Marketing, promotional and O2O shop marketing expenses	2.8%–3.0%	2.7%
(c) O2O shop operating expenses	2.2%–2.4%	2.4%
(d) Ecommerce operational and supporting costs	4.8%–5.0%	4.4%
Adjusted EBITDA (at cost basis) as a % of GMV on completed orders	2.6% to 3.0%	3.1%

[#] *Source: https://www.budget.gov.hk/2024/eng/budget03.html*

New Venture Projects

Regarding our new venture projects, these initiatives play a vital role in driving sustained expansion and long-term value creation for shareholders. As such, we remain committed to allocating the necessary resources to drive their progress. However, management will maintain a vigilant watch over the project developments and remain adaptable to redefine the direction if and when necessary.

New venture projects mainly include Fully Automated Retail Stores and System, Wet Market Express, Everuts, and Life Science Project and their respective business target in 2024 are updated as follows:

Business Target	2024 Target	2023 Actual Achievement
Wet Market Express		
Annual GMV on order intake	**HK$200.0 million to HK$260.0 million**	HK$100.6 million
Adjusted EBITDA loss	**HK$43.0 million to HK$49.0 million**	HK$50.0 million
Fully Automated Retail Store and System		
Annual GMV on order intake	**HK$5.3 million**	–
Adjusted EBITDA loss	**HK$57.0 million**	HK$44.5 million
Everuts		
Annual GMV on order intake	**HK$144.0 million**	HK$30.4 million
Adjusted EBITDA loss	**HK$35.0 million**	HK$21.1 million
Life Science Project		
Adjusted EBITDA loss	**HK$10.0 million**	HK$2.5 million

Navigating Structural Changes: Exploring and Refining Business Initiatives and Investment Opportunities

As mentioned in the Chairmen's Statement, building a long term and sustainable HKTV Group is always our prime mission. Considering the ongoing structural changes in Hong Kong's social and economic system, we remain proactive in exploring diverse business initiatives and investment opportunities both within and beyond Hong Kong.

We possess a comprehensive understanding of the associated development costs linked to new initiatives and venture projects, recognizing their potential impact on the Group's short-term profitability. However, we firmly believe that these endeavors are indispensable for fostering the Group's long-term growth and delivering favorable returns to our valued shareholders.

Empower Merchants by Building Flexible Business Models for Ecommerce Growth

To sustain continuous growth in our Hong Kong Ecommerce business, we continue to build upon our solid foundation. We are dedicated to developing new services, solutions, and features that empower flexible business models and decentralized marketing and fulfilment options that go beyond HKTVmall's end-to-end platform. The following strategic advancements are specifically designed to meet the unique requirements of different retailers, enriching the consumer choices, strengthening customer relationship and fostering a more dynamic and adaptable ecosystem.

(a) **Display Store** – a creditable new store format redirecting customers from HKTVmall to verified merchant's e-platform in or beyond Hong Kong to continue the customer journey. The objective of the display store is to extend the online ecosystem beyond HKTVmall app by building the largest products and services directory therein, providing unparalleled convenience and varieties to consumers in one single app.

First display store – Selfridges from the United Kingdom was launched in December 2023, and a large-scale merchant recruitment campaign is officially commenced in the first quarter of 2024.

(b) **New Venture project – ThePlace** – all-in-one eStore solution not only leveraging on HKTVmall's growing 1.7 million monthly active app users and integrating with HKTVmall's search engine, but also enable merchants to own their customer data. Furthermore, integration with different logistics platforms for last mile fulfilment and one click product data conversion from other Ecommerce platforms have added further layer of convenience to merchants for quick start and subsequent management.

A new function is targeted to launch in the second quarter of 2024 ("2Q2024") which will enable merchants to place digital advertisement more effectively by using HKTVmall's big data on Merchant Dashboard and their own customer data to derive target-oriented marketing and promotional activities powered by various artificial intelligence tools.

(c) **8-hour Express Delivery** – at present, more than 85,000 product items under our own inventory, 3PL service and same day in-hub merchants which are eligible for the 8 hours order-to-delivery. By leveraging the support of our 3PL Service allowing merchants to outsource stock in, storage, replenishment, picking and packing process to our 364 days all-year-round automated fulfilment operations, we aim to expand the 8-hour express delivery to cover 120,000 product items by end of 2024 including merchants' products entrusted to us under our 3PL service. This expansion reflects our commitment to providing a comprehensive and efficient delivery experience for our customers.

(d) All-in-one marketing hub

(i) **Video-on-Demand** – Other than the concurrent interactive live shopping channels – HKTVLive to connect merchants and customers for direct engagement and interaction to simulate immediate purchase, the development of "Video-On-Demand" is also under the pipeline though with slight delay, and targets to launch in 2Q2024.

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

(ii) **"ChicChat"** – a new group chat function is added to HKTVmall app in February 2024 empowering merchants to create customized customer groups, cultivating real-time interactive conversations. Through ChicChat, merchants can seamlessly distribute special offers, sharing product information, enhancing engagement and driving customer satisfaction.

(iii) **External traffic referral program** – other than making use of HKTVmall 1.7 million plus user base to drive traffic to merchants, we also launched a reversed traffic driving program enabling merchant to promote their products at any external channels, such as social media platforms, emails, etc. with designated referral hyperlinks back to HKTVmall. Merchants are incentivized with a lower commission rate at 5% on related check out.

By building strong partnerships and supporting retailers, we can deliver more complete and timely online services to Hong Kong consumers. Together, we create a win-win scenario that benefits both retailers and consumers over time.

Update on Core CAPEX Plan for Automated Fulfilment Capacity Expansion

Amid the downturn in economic confidence and continuing shift to 3P business, management revisited and updated the expansion plan at our Tseung Kwan O headquarters. The revised core CAPEX plan for 2024–2026 is HK$250 million to HK$300 million which will be focused on expanding the distribution capacity as a depot center and sorting capacity for 3P business parcels. The CAPEX includes construction costs of a new building for loading and unloading functions and several automated systems for sorting and storage.

TALENT REMUNERATION

Including the Directors, as at 31 December 2023, the Company had 2,214 permanent full-time Talents versus 2,186 as of 31 December 2022. The Company provides remuneration package consisting of basic salary, bonus and other benefits. Bonus payments are discretionary and dependent on both the Company's and individual performances. The Company also provides comprehensive medical and life insurance coverage, competitive retirement benefits schemes, staff training programs and operates share schemes.

Environmental, Social and Governance Report

ABOUT THE REPORT

At HKTV, we believe that all companies have a responsibility to operate in a way that promotes environmental stewardship, social responsibility, and good governance.

This environmental, social and governance ("ESG") report ("Report") aims to provide an overview of our ESG performance covering our core businesses in both omnichannel e-commerce and technology, with data deriving from our Tseung Kwan O headquarters, O2O shops and fulfilment centres in Hong Kong as well as our offices in Taiwan, Japan, the United Kingdom and Macau during the period from 1 January 2023 to 31 December 2023 ("Reporting Period").

Reporting Standards

This Report is prepared in compliance with the ESG Reporting Guide under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx") ("ESG Reporting Guide").

Reporting Principles

This Report is prepared based on the four reporting principles as set out in the ESG Reporting Guide, i.e. materiality, quantitative, balance and consistency.

ESG GOVERNANCE

We recognise that our ESG performance has a significant impact on our stakeholders including investors, customers, employees and the communities. We therefore integrate the management of ESG into the Group's corporate governance structure.

Our board of directors ("Board") oversees ESG management and have ultimate responsibilities for our overall business developments. An ESG Task Force comprising cross-functional leaders is delegated by the Board to plan and execute ESG initiatives.

ESG Mission

Our ESG mission is to bring positive impacts to the society. To achieve this, the ESG Task Force, with discussions and support from the Board, goal-sets, chalks out the project plans of how to get there, has checkpoints to evaluate whether the objectives are met and to determine how effectively the project is run, has constant communications with stakeholders, conducts regular reviews to lesson-learn and make necessary adjustment or improvement.

KEY ESG Initiatives

Below are the key ESG initiatives that the Group has identified for implementation, including the implementation during the Reporting Period. These initiatives may be reviewed by the Group from time to time.

Waste Reduction	*Energy Efficiency & Greenhouse Gas ("GHG") Emissions Reduction*	*Climate Change*	*Governance Structure*	*Supply Chain Management*
Our Plan				
■ Increase the amount and scope of waste recycled, and thus reduce the amount of waste sent to landfill ■ Improve the quality of data collection on waste disposal	■ Explore the use of electric vehicles as a means to reduce GHG emissions ■ Allocate more resources (e.g. financial resources) to explore the possibility of reducing energy consumption and GHG emissions	■ Rearrange the parking area to avoid damage to the vehicles under extreme weather conditions, such as flooding ■ Continue a series of energy efficiency & GHG reduction measures to improve the company's overall carbon footprint performance ■ Establish reduction targets on carbon emissions to reduce our impacts on climate change	■ Involve staff from different departments to join the ESG Task Force to closely monitor the ESG performances of each department and enhance the circulation of information for better implementation of measures	■ Require suppliers' commitment by signing a code of conduct or statement in cooperation contract that stipulates the requirements on relevant aspects, such as labour rights, health and safety, environmental protection ■ To monitor and encourage the suppliers to improve their ESG performance by rewarding them with incentives
What we have achieved to-date				
■ Increased the usage of reusable plastic containers for delivery to customers, resulting in reduction of single-use plastic bags usage ■ Use environmental packaging materials for certain customer orders ■ Launched formula milk can, clean carton and coffee capsules recycling schemes, in partnership with our suppliers ■ Set up "Green Outlet" to sell products at discount that are nearly expired or with slight packaging damage to avoid wastage ■ Promote "plastic reduction" by selling reusable eco-friendly aluminum bottles for customers to refill them with personal hygiene products	■ Purchased our first electric truck with frozen compartment in late 2023 ■ Test run of delivery truck equipped with solar panels ■ Use of energy efficient vehicles ■ Employees are required to switch off the lighting systems and electronic devices after work ■ Employed energy-efficient air-conditioning systems, low-energy LED office lighting, e-statement (paperless statement) ■ One out of the two passenger elevators in our headquarters is turned off after 8 p.m. while the remaining one is turned off after midnight during workdays	■ Conduct timely inspections of the facilities or equipment under extreme weather and repair damaged parts when needed ■ Conduct online meetings to facilitate the delivery arrangement under extreme weather conditions ■ Sandbags are used in the warehouse to avoid flooding ■ Review the company's GHG performance and identify the areas to be improved to manage the risks and opportunities brought by climate change	■ A cross-functional team has been established with sponsorship from the Board	■ Issued revised packaging guideline to merchants to avoid over packaging ■ Launched a "Plastic Reduction Store" Promotional Incentive Program to encourage merchants to reduce the use of plastic and adopt green material instead

Compliance and Risk Management

We identify, assess and manage ESG risks via various related policies, procedures and internal guidelines.

Our Board and department leaders are responsible for ESG risk management at corporate and operational levels, respectively. The Audit Committee reviews our ESG risk management and internal control systems with the empowerment of the Board.

During the Reporting Period, there were no significant reportable cases of non-compliance with applicable laws and regulations in relation to employment and labour practices, product responsibility, anti-corruption and the environment that have a significant impact on the Group.

We have also conducted an annual review on the risk management and internal control systems, and considered the systems and procedures reasonably effective and adequate with no material deficiencies being identified.

In addition, we have provided risk management training to departmental management for refreshing their understanding on risk management philosophy and risk governance structure of the Group.

Stakeholder Communication

The Group values stakeholders' role in our success and their potential influence on our operations. We employ various communication channels aiming at engaging with our stakeholder effectively and to build trust, confidence and collaboration by having open and constructive dialogue with our stakeholders.

Stakeholder Groups

Talents	Shareholders	Suppliers, merchants and personal shoppers	Customers	Communities
Communication Channels				
■ Townhall and regular meetings ■ Billboard ■ Annual appraisal ■ Intranet and emails ■ Direct and instant communication channels with Talents, e.g. instant messaging tools ■ Surveys ■ Whistleblowing channel ■ Confidential suggestion box ■ Headquarters open day ■ Career talk & career fair	■ Company's website and social media ■ Annual reports, interim reports and circulars to shareholders ■ General meetings with shareholders and investors ■ Investor meetings and conferences ■ Press releases and announcement	■ Company's website and social media ■ Industry conferences ■ Seminars, webinars and workshops ■ HKTV Vision Day ■ Email ■ System notifications ■ Onsite visits ■ Product rating and Comments ■ eNewsletters	■ Company's website and social media ■ Email, chatbot, instant messaging and hotline ■ Product rating and comments ■ eNewsletters ■ Group chat ■ Leaflets & booklets ■ O2O shops ■ App notifications – HKTVmall Main App, Lite App and Everuts App	■ Company's website and social media ■ HKTVmall Main App, Lite App and Everuts App

MATERIALITY ASSESSMENT

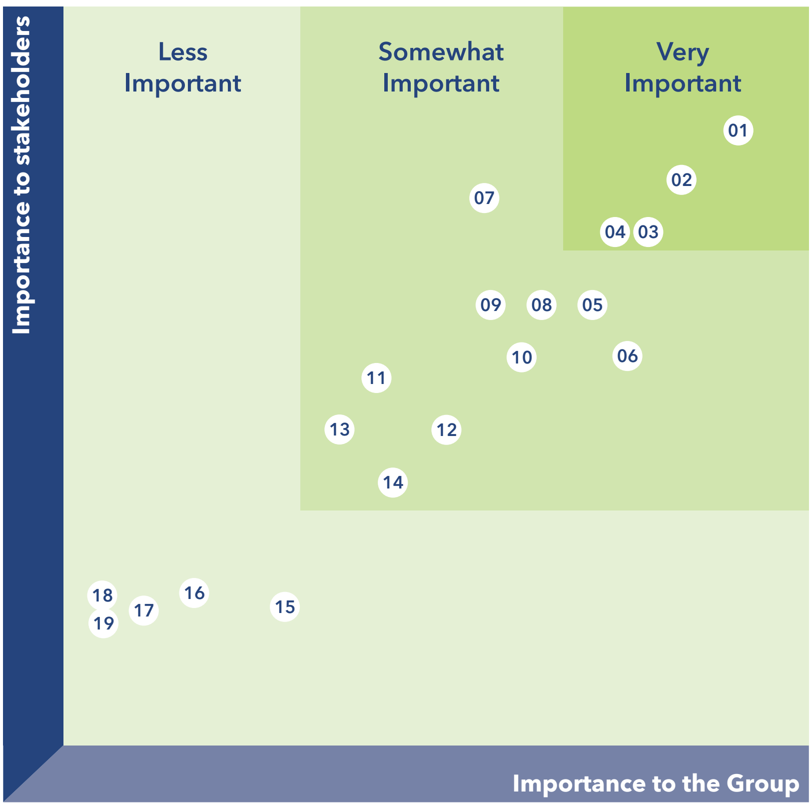
To identify and prioritise ESG issues for implementation, the Group has undertaken the following critical steps in collaboration with an external ESG consultant.

Identification | **Prioritization** | **Validation**

1 Based on the market trends, standards, media coverage, benchmarking analysis and insights, 19 ESG related issues were identified.

2 Questionnaire was distributed to key stakeholder groups for giving ranking on the 19 issues. A total of 20 internal stakeholders were invited to conduct the survey.

3 Regarding to the stakeholders' feedback and analysis, four issues were identified as "very important". The result was verified by the Board and management.



01 Protection of customer information and privacy
02 Anti-corruption
03 Product quality and safety
04 Protection of intellectual property rights
05 Employment system
06 Responsible marketing and advertising
07 Health, safety and well-being
08 Training and development
09 Human rights
10 Materials
11 Diversity and inclusion
12 Waste
13 Greenhouse gases and air pollutants
14 Community investment
15 Supply chain risk management
16 Energy
17 Impacts on the environmental and natural resources
18 Climate Change
19 Water and effluents

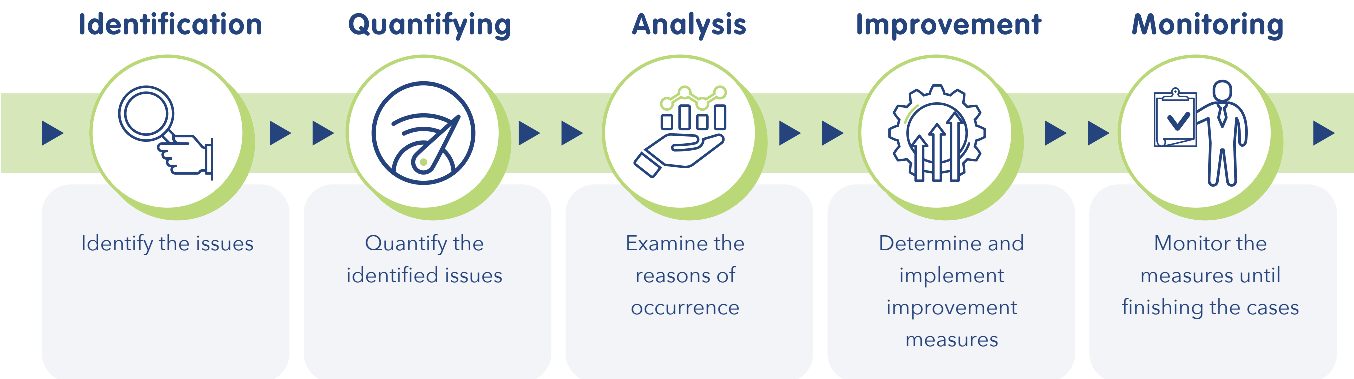
OPERATION ETHICS

Product Responsibility

We take product responsibility seriously, whether our own buy-sell products or merchants' products.

We have designed and implemented comprehensive and strict measures to govern and control product responsibility, including safety, quality, advertising, and labelling, in accordance with the applicable regulatory requirements, including imposing applicable product requirements and standards in the contracts with suppliers, merchants and personal shoppers.

Also, we undergo regular assessments and reviews of quality assurance procedures and relevant requirements for updated and systematic control.



Through the Rapid Alert System of the Centre for Food Safety, we perform rapid responses in the event of potential food safety or quality issues as well as collect and maintain important information about merchants' and suppliers' compliance with food safety standards.

Quantity of products	2023	2022
Sold[12]	**136.0 million**	135.0 million
Recalled due to health and safety reasons	**4,181**	3,914
Percentage (% out of the total products sold)	**0.003%**	0.003%

Customers are provided with various communication channels, such as social media platforms, chatbots, email and VIP member hotline to raise product concerns to us.

We conduct investigation whenever product issues are discovered or product complaints are received. For a founded case, we provide feedback to the respective suppliers, merchants or personal shoppers, and require them to be accountable either by imposing a pre-agreed fine or, for frequent offenders, blacklisting them; in return, we also compensate the affected customers, whether in the form of refund or product replacement.

During the Reporting Period, we received 275,106 (2022: 307,659) complaints and request for return, refund or replacement related to products and services. All cases were handled with the established procedures with legitimate complaints resolved by offering the complaining customers with refund, product replacement or bespoke solution.

Protection of Intellectual Property Rights

Intellectual property is important to the Group's business. We deployed various measures to ensure our products do not unintentionally infringe third-party intellectual property rights. We also contractually require our merchants, suppliers and business partners to respect and protect intellectual property rights and to comply with the applicable intellectual property laws, regulations and standards.

[12] Rounded to the nearest million

Protection of Personal Information and Privacy

Protection of personal information, whether it is of the customers' or our Talent's, is at the centre of what we do.

We have published a Privacy Policy Statement online for customers to understand, among others, as part of their dealing with us, how their personal information is collected and used, what rights they have, etc. We have also issued relevant policies and procedures for the handling of personal data.

In addition, we conduct internal training sessions from time to time to enhance awareness and continuously remind our Talents of the importance of customer data protection.

From a cybersecurity aspect, our Cybersecurity Team conducts regular reviews and implements continuous upgrades to enhance our security level such as establishing a 24-hour managed security operation center, deploying various security detect and defense solutions, conducting regular security assessments by certified third-party organizations and regular security drills. We also keep promoting security awareness through internal staff training and news sharing to the public. These measures ensure we stay ahead of evolving threats and maintain a robust cybersecurity posture, safeguarding our systems and data.

Anti-corruption

The Group upholds integrity in every aspect and has in place the Anti-Corruption and Conflicts of Interest Policy and Code of Business Conduct and Ethics for managing and monitoring operating practices.

Our policies provide clear guidelines for all our Talents to make sure all of their practices comply with laws and regulations as well as internal standards.

If there is any suspected incident, our whistleblowing channels empower our Talents to play an active role in protecting our business. They can seek guidance and report misconduct anonymously to the chairman of the Audit Committee, any of the Executive Directors or Talent Management Department (Group). Under the protection of the Company Policies and Procedures and Code of Business Conduct and Ethics, the identity and personal information of the whistleblower are kept confidential. Investigation is carried out in a fair manner, adopting a zero tolerance attitude to all violations of bribery, fraud and corruption. All reports are handled with care to ensure that whistleblowers are protected against unfair dismissal, victimisation and unwarranted disciplinary actions.

In order to prevent any unethical operating practices, training is provided, including orientation training and refresher training, to remind our Talents to adhere to the internal and external anti-corruption policies and regulations.

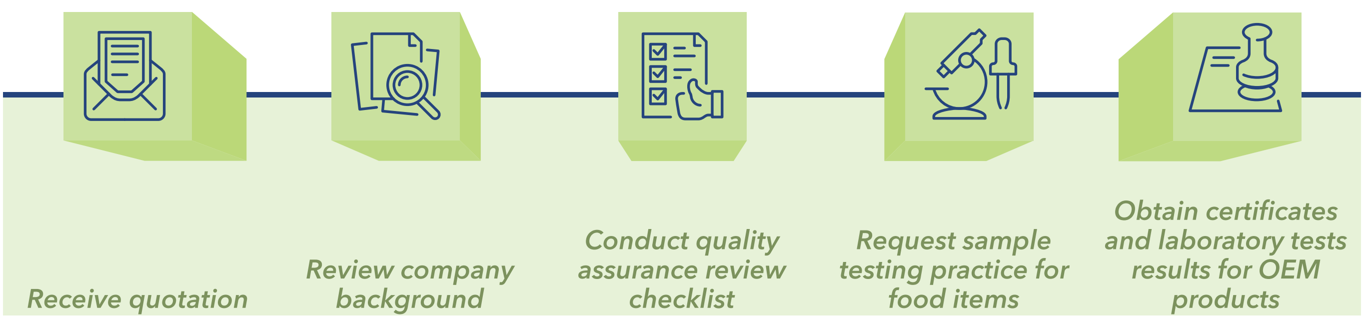
100%
New Talents attended anti-bribery and anti-corruption training[13]

0
Reported cases regarding anti-bribery and anti-corruption

Supply Chain Management

Suppliers and merchants are fundamental to our rapid business growth. We engage our suppliers regularly to identify any potential environmental and social risks, through supplier selection, regular monitoring, measures implementation and annual review. We establish long-term partnerships with suppliers to ensure stable and reliable supplies. To maximise the positive influence and minimise the negative impacts and risks, we have established procurement procedures including screening, evaluating and maintaining suppliers and merchants base.

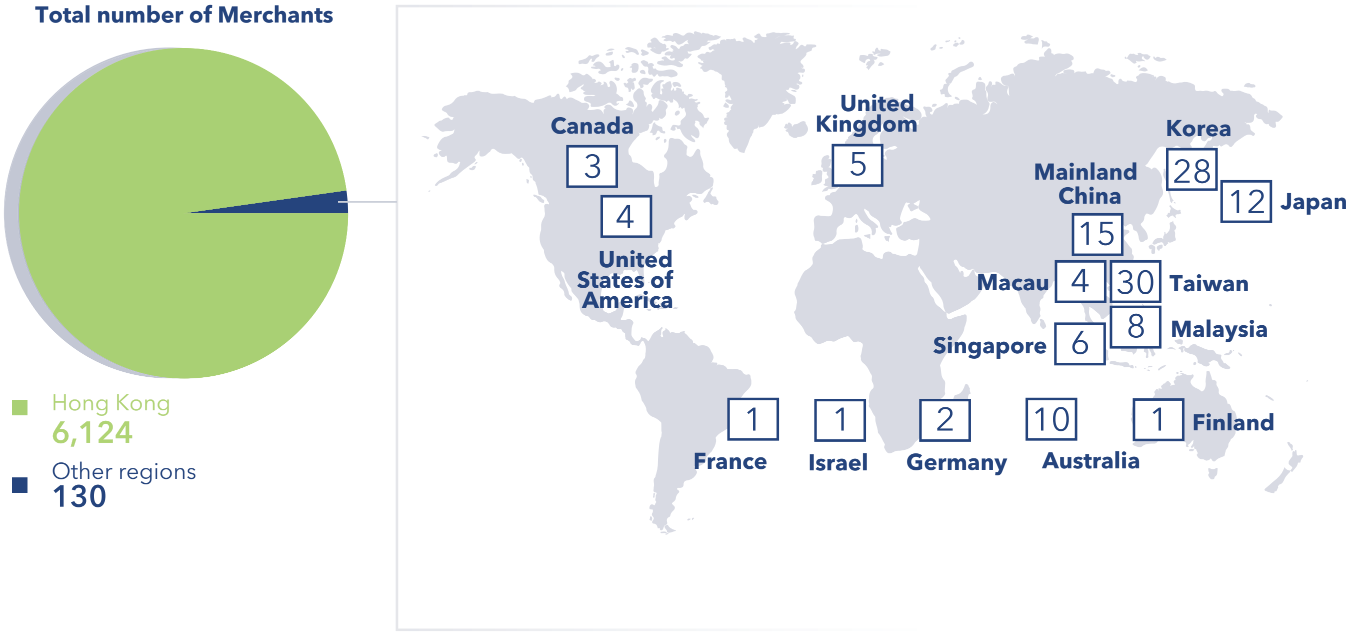
In order to maintain the service and products quality, we monitor our supply chain for corporate governance and regulating compliance in various ways, including screening, obtaining certification documents, sustainability certificates and safety registration certificates, and verification checks, etc., as summarised below:



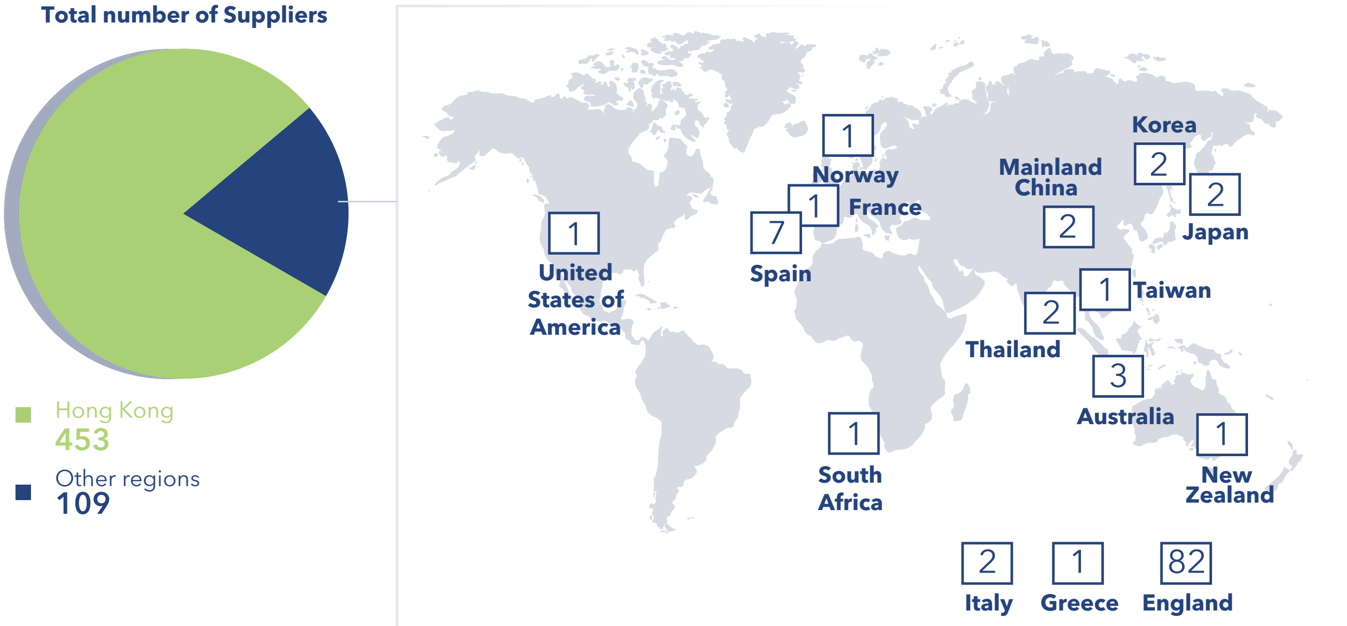
13 All our new Talents, including all new office and frontline Talents, received training in anti-corruption in orientation during the Reporting Period.

At the same time, we indicate our standards, which are stated in the Group's policies, for their ESG performance to minimise the negative impacts of sustainability concerns. Meetings and various communication channels are taken for continued review and monitoring of performance. During the Reporting Period, the Group had a total of 562 (2022: 513) suppliers, 6,254 (2022: 5,310) merchants and 4,717 personal shoppers (for the new business – Everuts since its official launch in January 2023). All of them were engaged and selected according to the established procedure. The total number and breakdown of suppliers, merchants and personal shoppers are set out below.

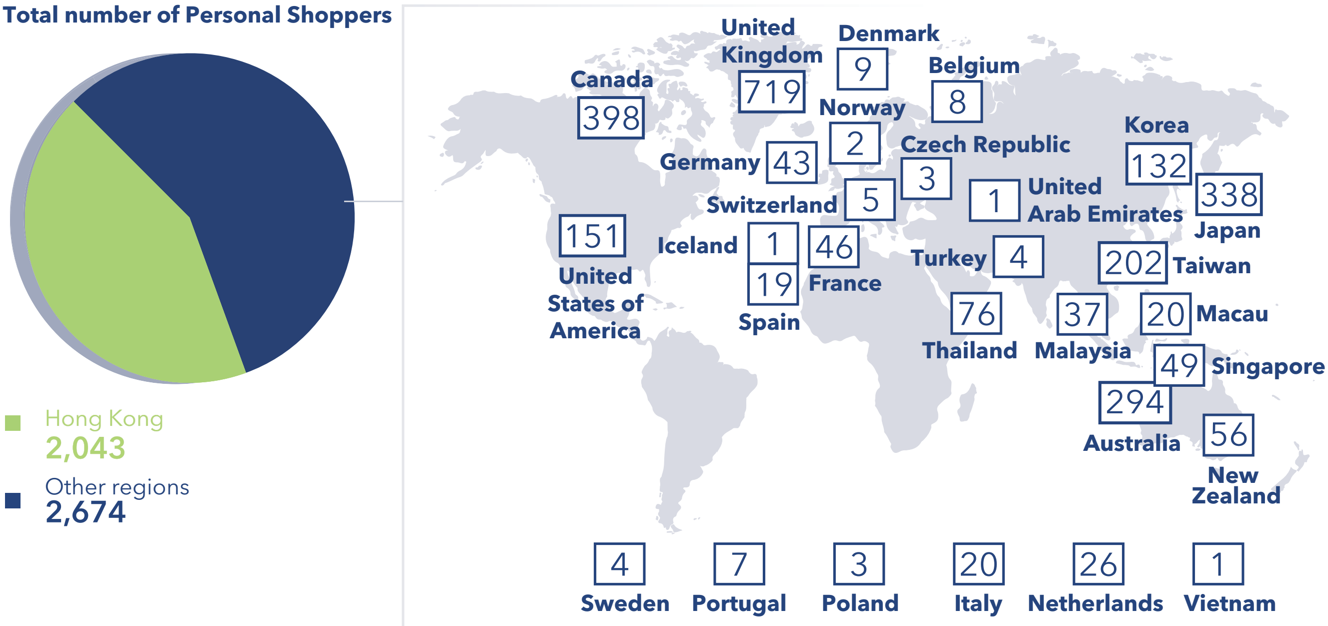
Total number of Merchants



Total number of Suppliers



Total number of Personal Shoppers



PEOPLE-ORIENTED

Talents Management

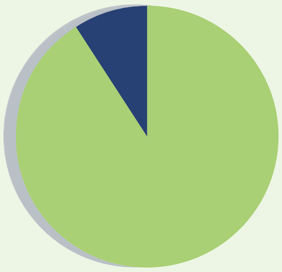
Our employees are termed as "Talents", who are the cornerstone of our business. For operating the largest online shopping mall in Hong Kong and the New Ventures and Technology business, we employed more than 2,000 Talents. In order to provide a people-oriented working environment to protect and retain our Talents, we have established various policies, measures and systems to create a fair and inclusive workplace.

Our Employee Handbook stipulates the Talent management policies and procedures, including recruitment and dismissal, benefits and welfare, working hours and rest arrangement and other rights and benefits of our Talents. Our Talent Acquisition Department is responsible for Talent attraction and recruitment, and building employer branding, whereas the Talent Management Department manages Talent matters, including performance management, compensation, benefits and well being, health and safety, workforce planning, Talent engagement, relations and retention. Our procedures and policies also advocate the protection of human rights and indicate the elimination of all forms of child and forced labour in our operation. If there is any child and forced labour found, we will hold zero tolerance to the one who violates the laws and regulations as well as our policies. Corresponding measures will be taken in accordance with the established regulations.

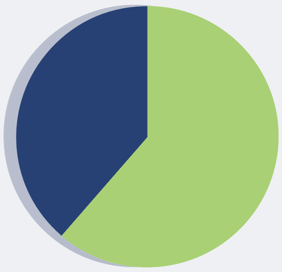
To attract and retain our Talents to support our business development and maintain high-quality service, we regularly update and improve our policies and measures to provide competitive remuneration packages for our current or potential Talents. They are offered a comprehensive package including various leave arrangements such as vacation leave, birthday leave and family care leave, flexible working hours, shuttle bus service, shopping discounts and types of allowances and insurances. During the Reporting Period, to support our Talents' transition back to the office for post-Covid, we offered a hybrid work policy for office Talent to choose up to 2 days a week to work from home. We believe this transitional period has allowed our Talents to ease back into a office work environment. Talents' remuneration packages are adjusted in relation to their positions and work performance. With fair and equal opportunities that value individuality and uniqueness, Talents of different ages and aspirations are welcome to join us and be offered with corresponding remuneration package.

Number of Talents at the end of the Reporting Period: 2,913 (2022: 2,738)

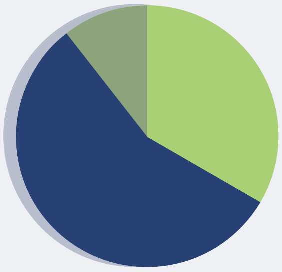
By geographical region



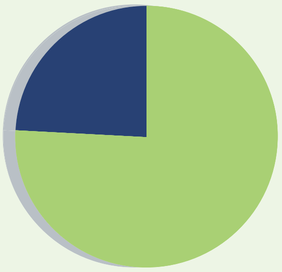
By gender



By age

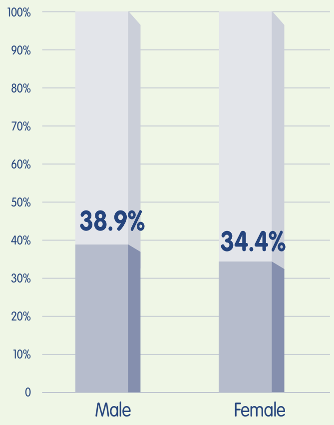


By employment type

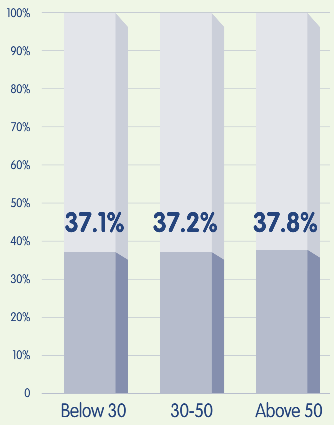


Voluntary Turnover Rate within the Reporting Period: 37.2% (2022: 45.9%)[14]

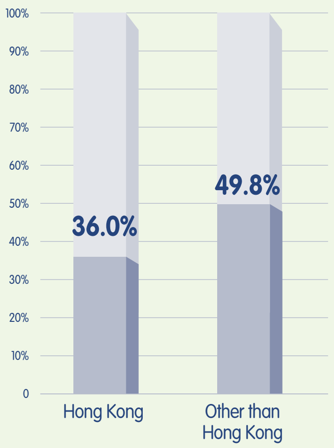
By gender



By age



By geographical region



[14] Denominator used for turnover rate calculation is the total number of employees in each of that specific category.

Talents Health and Safety

The Group values the health and safety of our Talents and has formulated policies and measures to minimise the potential threats and hazards in workplace. Our Code of Business Conduct and Ethics indicates our commitment to protecting one's health and safety with a series of operating procedures and guidelines that apply to all Talents. Beyond the regular safety training that provides and improves their safety awareness in the workplace, the Group's measures further enhance the protection and prevention. For example, we installed automated and robotic systems at our logistic centres to reduce certain manual lifting and repetitive tasks. Our Quality Assurance ("QA") Team and respective department persons-in-charge are responsible for conducting spot check and review meetings to ensure the implementation of measures.

Training

- Organise up to 2-day orientation and safety training for frontline Talents
- Organise up to 2-week supplementary training for injured Talents

Equipment and awareness

- Provide occupational safety and health videos to raise awareness
- Put up posters at prominent locations in the warehouse and on trucks
- Sponsor the purchase of safety shoes for mandatory use
- Install safety nets at the back of all delivery trucks
- Widen steppers at the back door of the delivery trucks and put Slip-Resistant Tapes on steppers of trucks

Total lost days due to work-related injuries

10,678 days
(2022: 16,083 days)

Past three years work-related fatalities

2021	2022	2023
0	0	0

Talent Acquisition and Development

Acquisition

During the Reporting Period, we adopted a diversified recruitment strategy by utilizing multiple channels. We leveraged traditional job boards such as JobsDB, CTgoodjobs, and Recruit, along with social media platforms like Facebook and Instagram, to attract potential candidates.

Furthermore, our highly successful HKTV Open Day event attracted talents from various functional areas, resulting in an enthusiastic response from prospective candidates.

Talent Acquisition

- In response to the Group's rapid business growth, we have placed significant emphasis on talent acquisition in various areas. This includes recruiting talents for business development, marketing, logistics and fulfilment, O2O shops, information technology, and automation research and development functions. In addition to posting job openings on various recruitment websites and conducting career talks at tertiary schools, we have organized a range of events such as Open Recruitment Day, O2O Recruitment Day, and collaborated with the Labor Department to host diverse recruitment events. Furthermore, we have utilized social media platforms to attract talents from different positions and disciplines.
- To cope with the continued expansion of O2O shop operation, we actively look for Talents at supervisory and managerial level. Moreover, we have conducted mass recruitment for the O2O shop operation and expansion.
- Our research and development is essential to our innovative development. With the establishment of research and development centre in Taiwan and the expansion of our technical teams in Hong Kong and United Kingdom, we have continuously recruited programmers, software quality assurance engineers, system and mechanical engineers and full stack developer, to continue strengthening our technical development capability.
- To proactively engage with fresh graduate talent prior to their university graduation, we have implemented an internship program. This program not only provides university students with valuable opportunities to gain practical experience and learn in a real workplace setting but also enables us to identify exceptional individuals for potential inclusion in our next generation of leaders. The internship program serves as a platform where interns can apply their academic knowledge to real-world scenarios, honing their skills and capabilities. Simultaneously, it offers them invaluable exposure to our company culture and day-to-day business operations. By establishing this pipeline, we aim to identify potential candidates for our Management Trainee Program and Graduate Trainee Program. In 2023, interns were placed in various functions, including Customer Service, Finance, Talent Management, Merchant Partnership, Product Management, Product Marketing, and Software Quality Assurance, during their summer break. This experience equipped them with valuable skills and insights into the ecommerce and technology industries.

Management Trainee Program

- Management Trainees are selected and assessed through a series of processes to ensure their suitability for the role. These processes include a 1-minute video screening, aptitude test, GBIT test, case study, panel group interview, interview with the Group CEO, and an adventure day to assess their endurance and resilience. Regular performance reviews are conducted to foster continuous improvement and expedite their integration into the Group's culture. The objective is to mold the trainees to fit seamlessly into the organization and align with its values.

- Our 18–24 months Management Trainee Program is designed to cultivate a talented pool of individuals who will become future C-level corporate executives ("CXO"). The program offers Management Trainees the opportunity to gain cross-departmental exposure, acquiring knowledge in various functions such as Logistics and Fulfilment, Business Development, Marketing, Product Management, Merchant Acquisition, Merchant Relations, Quality Assurance, and more.

  To facilitate their development, we provide interactive classroom training, on-the-job coaching, and action learning experiences. Trainees also have the chance to shadow management personnel, allowing them to model long-term roles and immerse themselves in the company's culture from the outset. As part of program enhancements, we have introduced external guest professional trainers and speakers who share their expertise and insights.

  During the program, trainees are grouped together and assigned challenging projects aimed at driving change and innovation across different functions. They are expected to identify problems, conduct research, seek resources, and initiate their own cross-departmental projects from a fresh perspective. This approach encourages them to view the organization with new eyes and actively contribute to its growth.

- Overall, our revamped Management Trainee Program combines comprehensive exposure, training, and project-based learning to develop well-rounded individuals who possess the skills and mindset necessary for future leadership roles within the company.

Graduate Trainee Program

- Graduate trainee program aim to groom in-house expertise on different functions.

- In addition to our Management Trainee program, we offer specialized opportunities for talented individuals in various roles and functions. The program duration is 15–24 months. Our Graduate Trainees receive training in specific departments, including Fulfilment Logistics & Warehouse, O2O, Customer Service, Merchant Relationship, Customer Fulfilment, Information Technology, Product Management, Marketing, and more.

  Through comprehensive training and hands-on experience, trainees acquire specialized knowledge and stay updated with industry practices and technologies. This program aims to establish a solid foundation of skilled professionals who can contribute to the company's success and growth across multiple areas. It not only enhances their management and leadership capabilities but also fosters industrial knowledge development, preparing them to become future leaders within the department.

Learning and developments

With rapid changes in the market, we advocate the importance of continuous improvement and learning. Our training and development strategy aims to nurture a talented and motivated workforce with opportunities to improve their skills and abilities.

We offered a promising development for our Talents. A multitude of development opportunities in response to different job characteristics are provided to Talents to enhance their career paths, and in turn raise the team spirit and optimise the skills of Talents. By function basis, the development opportunities can be conducted in different formats as follow:

Frontline

In order to enable our frontline participants to have a thorough understanding towards the Company, as well as to enhance their leadership and communication skills, we provided orientation, case sharing and workshops and refresher training to our frontline Talents in Logistics and Fulfilment, O2O shops and Customer Service teams. Also, Talents in Logistics and Fulfilment are provided with occupational health and safety training and refresher to strengthen their alertness and mindset on work safety. Moreover, our Customer Service team is also invited to join the case sharing and refresher activities so as to ensure a more consistent and responsive customer service level to deliver to our customers.

Office-based

In alignment with our commitment to talent development, our Office-based Talents participate in orientation workshops that acquaint them with the Group's background, culture and values, essential policies, and procedures. Furthermore, we facilitate regular learning and development activities that encompass a wide range of areas, including soft skills, policy adherence, sports-related interests, and personal growth. These initiatives are designed to enhance the knowledge and competencies which enabling them to thrive in their roles.

All Talents

During the Reporting Period, we continued the Active Learning Scheme to all Talents aiming to encourage participation in various kinds of learning and development workshops held by the Group. The top 3 qualified participants are awarded with an Active Learning Leave in the next year to appreciate his continuous learning spirit. Workshops and trainings are conducted on various perspectives to all Talents including

1. Health and wellness, such as various health talks by inviting external professional registered physiotherapist, dietitian or Chinese Herbalist, etc.
2. Personal growth, such as photo editing workshop, etc.
3. Sports and interests, such as tufting workshop, art jamming workshop, baking workshop and aromatic candle workshop, etc.
4. Knowledge and skills, such as ChatGPT fundamental virtual workshop, Google analytics 101 workshop, security awareness workshop, etc.

Apart from these training activities, we also organised competitions and activities, such as Table Tennis Competition, dodge-ball competition, pets day, relaxing massage activity, and Christmas party, etc., to promote a healthy and wellness atmosphere in the working environment.

Furthermore, recognizing the importance of fostering strong relationships and a unified workforce, we employ team building activities as a valuable tool. These activities contribute to the strengthening of bonds and camaraderie among team members, fostering a sense of unity and collaboration. As part of our efforts this year, we introduced our Dragon Boat team, promoting teamwork and perseverance through continuous training and participation.

Moreover, during this year, we introduced an Internal Public Speaking Competition, which included a two-month intensive public speaking workshop facilitated by an external professional coach, along with personalized one-on-one coaching sessions. This comprehensive program aimed to enhance the communication abilities of our Talents and empower their personal and professional development.

We also conducted various compliance workshops covering topics including anti-bribery and anti-corruption, data protection and ESG, etc., to bring up-to-date knowledge to all Talents.

By topics, below are the 6 key areas, which are tailor-made to Talents from different professions in the Group:

Leadership and Supervisory

- For our Management Trainees and Graduate Trainees, we provide a 15–24 months program for them to equip with solid knowledge of the operation and industry. They are offered job attachments to various divisions and departments to get the essence of our end-to-end Ecommerce operation and technology development. In 2023, Fundamental Management Training Program was conducted for all Management Trainees and Graduate Trainees, aiming to provide all-rounded knowledge and experience sharing on various management skill sets for career enhancement. Moreover, as part of their program, cross-functional corporate projects with the purpose of continued improvement and breakthrough objectives were assigned to them to plant in the Always Something New DNA.

- In our commitment to the growth and development of our Supervisory and Managerial Talents, we conducted specialized workshops in 2023, focusing on IT, Logistics and Fulfilment. These workshops aimed to enhance their management skill sets, equipping them with the necessary tools and knowledge to thrive in their roles. Additionally, the New Manager Development Program, is specifically designed for newly promoted managers. This program provides comprehensive guidance on effective and efficient managerial practices, empowering them to become impactful leaders within our organization. Through these initiatives, we strive to nurture the talents of our supervisors and managers, ensuring their continued growth and success.

Safety and health training

- Striving to protect our Talents with a safe working environment, we organised regular occupational health and safety training programs to prevent work place accidents rather than deal with accidents, such as guidelines on the use of machines, loading and unloading parcels to the delivery truck, etc. Also, we organise training sessions during the orientation program for all frontline Talents for a briefing on safety working procedures, as well as regular refreshment sessions for existing Talents.

- Our self-refreshment program on work safety helps remind and reinforce the importance of safety that target on the work injured Talents. They are required to pass the occupational safety quiz to resume their work position.

New business and partner training

- As an organization deeply ingrained with the "Always Something New" DNA, we continuously launch new business initiatives. To ensure a seamless integration of these developments, we conduct workshops for our Talents and business partners. These workshops serve as a platform to provide in-depth briefings on the purpose, functionality, and utilization of the new products, enabling a smooth and effective product launch.

- Embracing our Company DNA, we actively encourage and embrace AI and ChatGPT technologies. Through collaborations with external partners, we share knowledge on AI's capabilities and its potential to enhance our work processes. This commitment to innovation positions us at the forefront of technological advancements, empowering us to optimize operations and drive efficiency. By continuously evolving, we deliver exceptional products and services while fostering sustainable growth and success.

Inter-departmental sharing

To enrich the cross departmental understanding and knowledge, our Departmental Sharing sessions and Be a Coach departmental expertise sharing series are continued to be available to all Talents. It is a presenter platform to enhance their presentation and coaching skills, and an audience platform to get a more direct and insightful understanding on other departments, and to learn new knowledge. Activities are recorded and uploaded for Talents' review anytime and anywhere.

New normal series

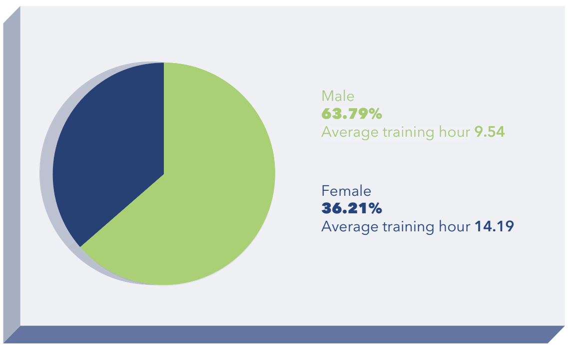
As affected by COVID-19 since 2020, we organised workshops to relieve the stress and pressure from the uncertainty and health concerns. Talents are always welcome to join our workshops on all kinds of topics, such as stress management and work efficiency, with the expectation of staying positive and mentally healthy during tough time. To prevent infection from face-to-face activity, we organise the workshop virtually or in hybrid format.

Customer satisfaction

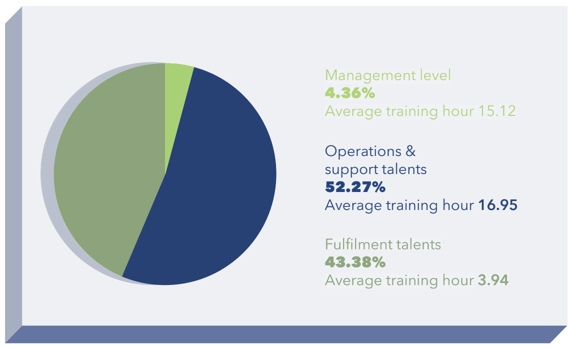
In order to provide high-quality service to our customers, our training cover customer service standards, communication skills and other skills and knowledge on handling customers' needs and demand. They are delivered in a lively and interactive format with experimental learning method. For example, we use real day-to-day cases and situations for role playing or case study for developing practical skills on handling issues or contingency situations.

During the Reporting Period, the participation of Talents in training are as follows:

By gender



Talent Category



ENVIRONMENT CONSERVATION

Our approach to environmental stewardship continues to be twofold – we aim to minimise the environmental impacts from our activities in waste disposal, air pollution and GHG emissions, and work in partnership with stakeholders to contribute to a resilient environment.

Our ESG policy includes the principles that guide us on waste minimisation and recycling, carbon reduction, pollution control and responsible use of energy, water and other natural resources. It does not only provide us with a framework to ensure legal compliance and manage environmental risks across our operations, but also practical guidelines on how we communicate with our suppliers and merchants.

Waste and Resource Management

Waste management is essential in all aspects, particularly on our logistics, fulfillment and O2O shop operation. On top of complying with the relevant laws, such as the Waste Disposal Ordinance, we handle waste by the following measures.

Reduction

- Replace carton boxes and paper bags with reusable plastic containers
- Replace plastic wrapping materials with honeycomb wrapping paper
- Use suitable size of packaging materials to avoid oversized packaging
- Set up “Green Outlet” to sell products at discount that are nearly expired or with slight packaging damage to avoid wastage

Recycling

- Collect and recycle milk powder cans from internal and external stakeholders
- Collect and recycle used coffee capsules at selected O2O shops
- Collect and recycle clean paper cartons in 4 HKTVmall Supermarkets
- Recycle unwrapped cardboards and used plastic materials

Disposal

- Hire external handlers for proper and legal handling of non-recyclable waste
- Hire waste collectors for collection and disposal of hazardous waste such as computer equipment and certain electrical appliances

To enhance the data collection process on waste and resources management, the Group has implemented the following key processes:

1. Installation of additional carton compressors at major fulfilment centres to enhance recycled paper handling capacity and measurement accuracy;

2. Engagement of waste disposal vendors with strong capability in data measurement and collection to handle waste and resources collection process and reduce the reliance on small operators.

As a result of the above, the data collection and measurement process for non-hazardous wastes and packaging materials, paper consumption and advertising materials was further enhanced.

Waste Management

Hazardous Waste

In 2023, the Group generated 0.017 tonnes (2022: 0.013 tonnes) of hazardous waste (batteries and light tubes) during operation.

Non-hazardous Waste

The Group periodically collects and classifies non-hazardous waste and engage professional service providers to handle the wastes.

The reduction in general waste was mainly due to (a) reduction of sizable packaging waste for equipment and machineries, crates and pallets in UK operation; (b) deployment of a more effective recycling policy such as provision of more recycling bins per floor to build a strong recycling atmosphere in the office in 2023.

The decrease in carton box were mainly due to (i) our reuse of some clean carton box for delivering goods to customers; and (ii) by using Cardboard Perforator, reproduce some carton boxes as honeycomb wrapping paper as packaging material, which has reduced the quantity of carton box available for recycling in 2023.

The reduction in plastic was mainly due to our implementation of a plastic bag reduction initiative in late 2023, and in addition, the aim to slight decrease in 1P customer orders caused reduction in our warehouse packing process in 2023 compared to 2022.

Non-hazardous wastes (in tonnes)	2023	2022
General waste	**11.63**	92.65
Carton box[15]	**521.95**	565.72
Plastic[16]	**416.10**	454.79
Total non-hazardous waste	**949.68**	1,113.16
Non-hazardous waste intensity (in tonnes/$ million GMV on completed orders)	**0.11**	0.14

Resource Management

Paper Consumption

Paper consumption (in tonnes)	2023	2022
Copy paper	**13.22**	17.81
Paper consumption intensity (in tonnes/$ million GMV on completed orders)	**0.002**	0.002

15 It was termed as recycled paper in previous ESG reports, provided by merchants in the delivery process of goods to our warehouse, and we have compressed these paper box for recycling.

16 It was termed as recycled plastic in previous ESG reports, including the stretch film and plastic bags for packaging both from HKTV and merchants for recycling.

Packaging Material

During the reporting period, the total packaging materials used for finished products was lower than 2022. Also, the Group disposed of 730 (2022: 625) tonnes of pallets in 2023.

Packaging materials (in tonnes)	2023	2022
Total packaging materials used for finished products[17]	**898.96**	930.07
Packaging material intensity (in tonnes/$ million GMV on completed orders)	**0.108**	0.114

Advertising Materials

Due to the launch of a large-scale marketing campaign "Mom-Certified" in the Reporting Period, and the mass distribution of booklets and leaflets to promote our new businesses – Wet Market Express and Everuts, and also our Ship to Macau, the advertising materials significantly increased.

Advertising materials (in tonnes)	2023	2022
Total advertising materials used[18]	**67.12**	23.17
Advertising material intensity (in tonnes/$ million GMV on completed orders)	**0.008**	0.003

Water Consumption

Even though we have not encountered any challenges in sourcing water, we value water resource for sustaining lives and operations. To conserve the valuable natural resources, we have introduced guidelines for water conservation and efficient utilisation. For example, we carry out periodical checks and maintenance of our water supply system to avoid leakage, and install sensor-activated taps for efficient use of water and avoid wastage.

During the Reporting Period, there is construction work for expansion of automated fulfilment centre at Tseung Kwan O headquarters, so the total water consumption increased significantly in 2023.

Apart from the established measures for waste and water consumption, we will formulate the corresponding targets in response to our management's expectations and sustainability strategy. Besides, we will review and revise our management and monitoring procedures from time to time to ensure the effectiveness and efficiency.

Water consumption (in cubic metres)	2023	2022
Total water consumption	**25,842**	19,415
Water consumption intensity (in cubic metres/$ million GMV on completed orders)	**3.10**	2.37

17 Includes carton box, bubble pack, paper bags, plastic bags, labels, stretch film, packaging tape, PE plastic and oxo-degradable additive material and paper wrap. Starting from 2022, we had upgraded the data collection system to added plastic seal and paper pack.

18 Includes printing paper, vinyl banner, foam board, pull up banner, sticker, tent card and light film.

Emissions

As one of the causes of climate change, carbon emissions have become an important issue to all corporates in the world. We urge the management of greenhouse gas emissions in our operation and have indicated our wish for carbon reduction in the ESG policy. For our logistics, fulfillment and O2O shop operation, we recognise the unavoidable emissions from our delivery fleet and operating sites. In order to minimise the environmental impacts, we explore ways with innovative and technological solutions. For example, we use an App for couriers to optimise the delivery routes, and continuously upgrade our conventional vehicles in accordance with the latest emissions standards. By the end of 2023, around 98% (2022: 98%) of vehicles in our delivery fleet were compliant with Euro 5 or Euro 6 standards, or zero- emission vehicles. In the past years, we put a lot of effort to explore the use of electric vehicles as a means to reduce GHG emissions. Finally, we have purchased our first electric truck with frozen compartment by the end of 2023 and the delivery date of the electric truck is late March 2024. We will explore more replacement with electric trucks in the future.

The Group uses the refrigerant type R-404A in our owned delivery fleets which is an ozone-friendly refrigerant. Nevertheless, the Group continues to explore viable refrigeration solutions with a lower global warming impact.

During the Reporting Period, the total greenhouse gas emissions is as follows. During the Reporting Period, given the enhancement of data collection system, the mobile sources combustion was reduced in 2023. However, the total GHG emissions has slightly increased due to the increased releases from equipment and systems caused by the mass replacement of refrigerants to fulfill the standard of the frozen temperature.

Greenhouse Gas Emissions

Greenhouse gas emissions[19] (in tonnes of CO_2-e)	2023	2022
Scope 1		
Mobile sources combustion[20]	**4,629.74**	4,721.44
Releases from equipment and systems[21]	**2,128.77**	1,041.25
Scope 2		
Purchased electricity	**7,927.63**	7,472.12
Total greenhouse gas emissions	**14,686.14**	13,234.81
Greenhouse gas intensity (in tonnes of CO_2 equivalent/$ million GMV on completed orders)	**1.76**	1.62

Air pollutants

For the air pollutants, the nitrogen oxides, sulphur oxides and respirable suspended particles increased by around 6.7%, 4.7% and 29.9% respectively.

Air pollutants[22] (in kg)	2023	2022
Nitrogen oxides	**26,319.25**	24,661
Sulphur oxides	**28.28**	27
Respirable suspended particles	**1,525.31**	1,174

The Group strives to optimise our performance on emissions reductions and will review our internal monitoring measures and procedures to work towards emissions reduction.

19 Calculated with reference to HKEX "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".

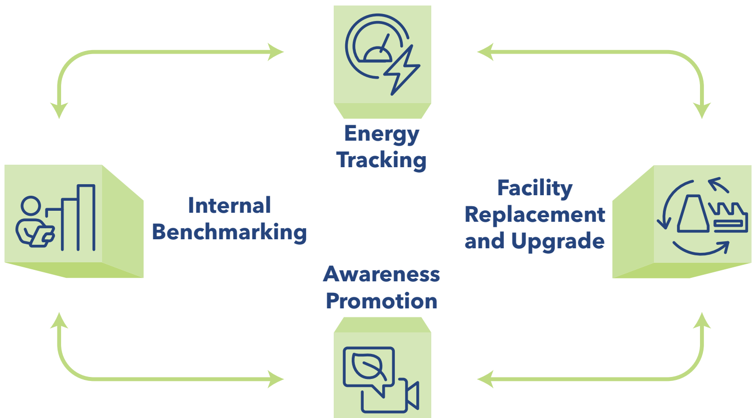
20 Includes diesel combusted by company owned vehicles. According to documents disclosed by the HKEX, the Global Warming Potential (GWP) of mobile combustion sources has been adjusted. The GWP of CH_4 has been adjusted from 21 to 28, and the GWP of N_2O has been adjusted from 310 to 265. As a result, the total fuel use in 2023 is higher than in 2022, but GHG emissions are still lower than in 2022.

21 Includes R-404A refrigerant emissions.

22 Travel distances were estimated with reference to Energy Consumption Indicators published by the Electrical and Mechanical Services Department (EMSD) in Hong Kong. Emission factors refer to HKEX "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".

Energy Management

Concerning our business nature, energy plays an important role across our operations with demanding consumption for our logistics, fulfilment and O2O shop operations. We advocate the importance of managing our energy consumption under our ESG policy. At the same time, we have established a series of measures for our Talents to better manage and control their energy use, such as turning off the passenger elevators at headquarter during night time, encouraging talents to switch off the electronic devices after use, using electrical appliances with certified grade 1 energy label under Mandatory Energy Efficiency Labelling Scheme (MEELS) of Hong Kong Government, electricity saving scheme during long public holiday and setting printers in sleep mode during their standby status.



In 2023, the total energy consumption is as follows. There were about 25 new delivery vehicles delivered to us and came into operation during the Reporting Period, the increasing use of delivery vehicles, and the construction work for expansion of automated fulfilment centre at Tseung Kwan O headquarters, the total energy consumption increased by around 7.45%.

Energy consumption (in kWh)	2023	2022
Direct energy consumption		
Diesel	**18,802,624**	17,342,093
LPG	**N/A**	692
Indirect energy consumption		
Electricity	**19,905,762**	18,680,325
Total energy consumption	**38,708,386**	36,023,110
Energy intensity (in kWh/$ million GMV on completed orders)	**4,647**	4,399

Regarding management expectation, Energy Efficiency is one of our major concerns. To conserve the valuable energy resource, we will continue to review and establish a feasible plan and target to enhance our environmental awareness and performance on energy conservation and management.

Climate Change

With growing concern on climate-related risks to the communities and business operations, we advocate the importance of identifying the impacts on our daily operations and formulating policies and measures to lower the risks. Our ESG policy stipulates the principles of reducing our environmental impacts as well as minimising the emissions that contribute the climate change. We will further develop our sustainability strategy and environmental targets to mitigate the negative impacts on our business. In terms of actions, we have reviewed our GHG performance and identified various improvement areas aiming at formulating more specific policies, measures and targets to improve our carbon footprints and thus helping to mitigate climate change impacts.

To reduce the impacts on our operations in the events of climate-change induced flooding or extreme weather, we conduct both scheduled and ad-hoc inspections and maintenance of our facilities and equipment, undertake preventative or mitigating measures (e.g. using sandbags in our warehouses to eliminate or reduce the impact of flooding, keeping affected customers updated of weather impacted deliveries) as well as conduct repair of our facilities and equipment as needed. From time to time, we review and update our climate change impact contingency plans based on lessons learnt and taking into account the prevailing market practice.

COMMUNITY CONTRIBUTION

"Taken from society, give back to society" is one of the philosophies that the Group has adhered to when it comes to social well-being. As the largest online shopping mall in Hong Kong, the Group acknowledges the responsibility of serving the community as an indispensable part of the business operation thereby creating a long-term relationship with our neighbourhood. As stipulated in our ESG initiative, we strive to understand the needs of our community and try our best to provide our help through different communication and contribution methods.

During the Reporting Period, a total of HK$282,000 was donated to various organisations. In particular, we partnered with BE-KIND and Make-A-Wish Hong Kong in a charity sale hoping to help realizing the wishes for children with critical illnesses as well as spreading the message of hope and kindness to the public. Certain donation also made to House of Joy and Mercy, in the hope of supporting this organisation and in turn caring for animals.

To protect and promote a sustainable environment, we launched various initiatives during the Reporting Period, including (i) "Plastic Reduction Store" Promotional Incentive Program to encourage merchants to reduce the use of plastic and adopt green material instead; (ii) "Green Lifestyle" Promotion Scheme to encourage the use of environmentally friendly and sustainable products; (iii) set up "Green Outlet" to sell products at discount that are nearly expired or with slight packaging damage to avoid wastage; and (iv) formula milk can, clean carton and coffee capsules recycling schemes, in partnership with our suppliers.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHEUNG Chi Kin, Paul

Chairman

aged 66, is the co-founder of the Group and has been the Chairman of the Group since 1 January 2020. Prior to that, Mr. Cheung was the Vice Chairman and Chief Executive Officer of the Group. He is a member of the Executive Committee and Investment Committee of the Company as well as a director of certain subsidiaries of the Group. Mr. Cheung is primarily responsible for overall strategic planning and direction of the Group. Mr. Cheung has extensive experience of over 30 years in the telecommunications and computer industries as well as corporate management. He had worked in several companies engaged in application software development and computer consultancy prior to co-founding the Group. Mr. Cheung graduated with a Diploma of Advanced Programming and System Concepts Design from Herzing Institute, Canada. Mr. Cheung is a first cousin of Mr. Wong Wai Kay, Ricky, the Vice Chairman, Group Chief Executive Officer and an Executive Director of the Group.

Mr. WONG Wai Kay, Ricky

Vice Chairman & Group Chief Executive Officer

aged 62, is the co-founder of the Group and has been the Vice Chairman of the Company since 1 January 2020. He was the Chief Executive Officer of the Company from 1 January 2020 to 31 October 2020, and has been re-designated as the Group Chief Executive Officer since 1 November 2020. Mr. Wong had been the Chairman of the Group until 31 December 2019. He is the chairman of the Investment Committee and a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Group. Mr. Wong is primarily responsible for the overall strategic planning and management of the Group and the business direction of the Hong Kong and international business operations of the Group. Mr. Wong possesses extensive and successful experience in liberalisation of the telecommunications market, popularising advanced technology and applications, as well as corporate management and leadership. In 1992, Mr. Wong co-founded the Group and was the first to provide alternative international telecommunications services in Hong Kong, leading to the subsequent market liberalisation. In 1999, Mr. Wong was engaged in the establishment of territory-wide fibre optics network, providing high speed broadband, telephony and IP-TV service. Since 2014, Mr. Wong leads the Group to develop eCommerce business, building "HKTVmall" as the largest online shopping mall in Hong Kong, to provide one-stop shop services including online shopping, marketing & digital advertising, big data analysis, smart logistics & fulfilment as well as physical O2O shops. Mr. Wong is also leading the Group to become a technology enabler. Apart from launching online shop solutions and third party logistics services to assist local retailers running their online retailing successfully in Hong Kong, Mr. Wong also commits to explore business for the self-invented "Fully Automated Retail Store and System" to the United Kingdom and/or other European countries. Mr. Wong has been researching life science and technology in recent years, collaborating with overseas universities and medical professional teams to explore various methods of preserving human organs. Mr. Wong holds a Bachelor's Degree in Science and a Master of Business Administration Degree (Executive MBA Programme) from The Chinese University of Hong Kong. Currently, Mr. Wong is a member of the Board of Trustees of United College, The Chinese University of Hong Kong. Mr. Wong is a first cousin of Mr. Cheung Chi Kin, Paul, the Chairman and an Executive Director of the Company.

Ms. WONG Nga Lai, Alice

Group Chief Financial Officer & Company Secretary

aged 49, was appointed as the Executive Director, Chief Financial Officer and Company Secretary of the Company in May 2012, and is a member of the Executive Committee and Investment Committee of the Company as well as a director of certain subsidiaries of the Group. She has been re-designated from Chief Financial Officer to Group Chief Financial Officer of the Company with effect from 1 November 2020. She has extensive experience in financial management, corporate finance and global investor relations, in particular on the telecommunications, multimedia and eCommerce industries. Ms. Wong is one of the core drivers to build and develop Hong Kong's leading online shopping platform – HKTVmall. She also actively involved in the Group's strategic and corporate direction to develop the New Ventures and Technology business since late 2020. She leads the finance, investor engagement, talent acquisition and management, legal and company secretarial, and administration functions of the Group. Prior to that, Ms. Wong was the Financial Controller of the Group.

Before joining the Group, Ms. Wong had worked for PricewaterhouseCoopers in Hong Kong primarily focusing on the technology, info-communications and entertainment sectors. Ms. Wong holds a Bachelor of Commerce degree from the University of Queensland, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Postgraduate Diploma in Corporate Governance. She is a qualified member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a fellow member of Association of Chartered Certified Accountants (ACCA). Moreover, she has been a member of the ACCA Hong Kong Committee since September 2021, a member of the Accountancy Training Board for Vocational Training Council since April 2019, and a member of the audit committee for Vocational Training Council effective from1 April 2024.

Profile of Directors and Senior Management

Mr. LAU Chi Kong

Chief Executive Officer (International Business)

aged 42, was appointed as an Executive Director of the Company on 1 December 2017. Mr. Lau had been the Chief Operating Officer until 31 October 2020, and has been re-designated as the Chief Executive Officer (International Business) of the Company with effect from 1 November 2020. He is a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Group. Mr. Lau is primarily responsible for the business direction and development of the international business operations of the Group including eCommerce solution business by Shoalter Technology Limited, the technology arm of the Group. Mr. Lau joined the Group in 2004 as a management trainee. Prior to his current role, Mr. Lau held numerous positions and has extensive experience in operations and finance. Mr. Lau holds a Bachelor of Science degree in Actuarial Science from The University of Hong Kong.

Ms. ZHOU Huijing

Chief Executive Officer (Hong Kong)

aged 42, was appointed as an Executive Director of the Company on 1 December 2017. Ms. Zhou had been the Managing Director of Shopping and eCommerce until 31 October 2020, and has been re-designated as the Chief Executive Officer (Hong Kong) of the Company with effect from 1 November 2020. She is a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Group. Ms. Zhou is primarily responsible for day-to-day management of the Hong Kong business operations including sales and marketing, O2O shop management, customer services, automated fulfilment and logistics functions and development of the Group's digital ecosystem, namely HKTVmall. Ms. Zhou joined the Group in 2003 as a management trainee. Prior to her current role, she held numerous positions and has extensive experience in marketing, business development, customer services, content distribution and partnership and production administration. Ms. Zhou holds a Master of Business Administration degree from The Hong Kong University of Science and Technology and a Bachelor of Social Science degree from The Chinese University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Hon Ying, John

aged 77, has been an Independent Non-executive Director of the Company since June 1997. He has also been appointed as the chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Lee is the managing director of Cyber Networks Consultants Company in Hong Kong. He was the Regional Director, Asia Pacific of Northrop Grumman-Canada, Ltd. He was previously the director of network services of Digital Equipment (HK) Limited and prior to that, worked for Cable and Wireless (HK) Limited and Hong Kong Telecom. He is a chartered engineer and a member of the Institution of Engineering and Technology, the United Kingdom, the Hong Kong Institution of Engineers and the Hong Kong Computer Society. He received a Master's Degree in Information Systems from The Hong Kong Polytechnic University in 1992. In addition, he is a Member of St. Vincent de Paul. He is also a member of the Parish Council of St. Anthony's Church in Hong Kong.

Mr. PEH Jefferson Tun Lu

aged 64, has been an Independent Non-executive Director of the Company since September 2004. He has also been appointed as a member of the Audit Committee, Remuneration Committee and Investment Committee as well as the chairman of the Nomination Committee of the Company. Mr. Peh is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of CPA Australia. Mr. Peh holds a Master's Degree in Business from the University of Technology, Sydney. He has extensive experience in finance, accounting and management from listed and private companies in Hong Kong and Australia.

Profile of Directors and Senior Management

Mr. MAK Wing Sum, Alvin

aged 71, was appointed as an Independent Non-executive Director of the Company in September 2013. Mr. Mak has also been appointed as a member of the Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee of the Company. He is a Chartered Accountant and is a member of the Canadian Institute of Chartered Accountants as well as being a member of the Hong Kong Institute of Certified Public Accountants. Mr. Mak is currently an independent non-executive director of Crystal International Group Limited, Goldpac Group Limited, Lai Fung Holdings Limited, Luk Fook Holdings (International) Limited and K Cash Corporation Limited, all listed on the Stock Exchange. Mr. Mak had been an independent non-executive director of I.T Limited (a company listed on the Stock Exchange until it delisted on 30 April 2021) until 2 December 2019. Mr. Mak is a member of Hong Kong Housing Society and is currently a member of its various committees. After working in Citibank for over 26 years, Mr. Mak retired in May 2012. He last served as the Head of Markets and Banking for Citibank Hong Kong, being the country business manager for its corporate and investment banking business. In Citibank, he had held various senior positions including the Head of Global Banking, where he was responsible for managing all the coverage bankers. Prior to that, he also managed Citibank's Hong Kong corporate finance business, regional asset management business and was the Chief Financial Officer of North Asia. Before joining Citibank in 1985, Mr. Mak was an audit group manager at Coopers & Lybrand (now known as PricewaterhouseCoopers). He worked for Coopers & Lybrand for eight years, five of which was in Toronto, Canada. He graduated from the University of Toronto with a Bachelor of Commerce degree in 1976.

Mr. ANN Yu Chiu Andy

aged 45, was appointed as an Independent Non-executive Director of the Company on 1 January 2024. Mr. Ann has also been appointed as a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Ann is a distinguished entrepreneur and technology innovator, renowned for his significant contributions to the digital and innovation sectors in Hong Kong and beyond. As the founder and CEO of NDN Group (HK) Limited since January 2002, Mr. Ann has been at the forefront of advancements in mobile advertisement networks, social networking, digital out-of-home advertising, big data analytics, blockchain, and AI technologies.

His entrepreneurial journey began in 2003 with the founding of Y5 Hot Media Solutions Limited, which revolutionized Hong Kong's communication and media infrastructure through innovative Wifi and Digital Media Network solutions. Following this, he established HOTMOB Limited in 2007, a company specializing in mobile marketing and data services, further solidifying his role as a leader in digital innovation. Mr. Ann's foresight and ability to harness technology for commercial success continued with the co-founding of Social Media Broadcasts (SMB) Limited in 2010, where he developed Klarity, a product later acquired by Meltwater News HK Limited. He also founded Darizi Limited, a prestigious wedding and lifestyle media brand in Hong Kong and China, and co-founded GoImpact Capital Partners Limited, a pioneering ESG learning platform in Southeast Asia. In the Insurtech space, Mr. Ann has made significant strides as the co-founder of YAS Digital Limited, offering innovative on-demand and embedded insurance solutions. His venture into blockchain technology with the founding of NOIZChain culminated in its acquisition by NOIZ Group Limited (Hong Kong Stock Code: 8163) in 2021. His investment firm, NDN2 Limited, has further diversified his portfolio with investments in numerous promising startups.

Beyond his business endeavors, Mr. Ann is deeply committed to nurturing the next generation of entrepreneurs and giving back to the community. He actively mentors young entrepreneurs through various platforms, including the Founders Institute and CoCoon. He is also a respected guest lecturer at several prestigious universities in Hong Kong and a founding member of TEDxWanChai, focusing on inspirational talks in NGOs, social enterprise, and philanthropy. Mr. Ann's efforts and achievements have earned him numerous accolades, including the Young Entrepreneur award from DHL and SCMP in 2008 and the Entrepreneur Organisation EO Piaget award in 2013. His influence and contributions were further recognized when he was featured in the Gafencu Power 300 list in 2022. Educationally, Mr. Ann is an alumnus of the University of British Columbia, Canada, where he obtained his degree in Bachelor of Arts (Psychology & Economics) in May 2001. He furthered his education with an executive master's in Business Administration from the Chinese University of Hong Kong in December 2009. Mr. Ann's blend of entrepreneurial spirit, technological expertise, and commitment to social betterment continues to shape the landscape of digital innovation and community development, making him a pivotal figure in the technology sector.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report of the Company which includes the information for the year ended 31 December 2023 ("FY2023") and, to the extent possible, the significant subsequent events for the period up to the date of publication of the annual report.

CORPORATE GOVERNANCE PRACTICES

The Board recognises that good corporate governance builds trust and confidence among its shareholders, protect the stakeholders' interests and enhance long-term shareholder value.

The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules as its corporate governance code of practices.

Throughout FY2023, the Company had complied with all the applicable code provisions as set out in the CG Code, except the code provision as listed below. That said, the code provision was subsequently complied with as of 1 January 2024 with the appointment of – Mr. Ann Yu Chiu Andy as an additional independent non-executive directors ("INED").

CG Code provision B.2.4(b)

Pursuant to CG Code provision B.2.4(b), if all the INEDs of an issuer have served on the board of the issuer for more than nine years, the issuer should appoint a new INED for the financial year commencing on or after 1 January 2023.

The Company did not comply with this code provision during the FY2023 based upon the following reasons:

(1) The existing INEDs remain independent

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

(i) they are not employees of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons of the Company immediately prior to their appointment date of INED;

(ii) they are not connected with a director, the chief executive or a substantial shareholder of the Company at any time;

(iii) they do not hold any share of the Company;

(iv) they have not received any interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself; and

(v) they have no equity-based remunerations.

(2) The existing board governance continues to be effective

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

Retaining the existing board composition provides continuity and stability to the Board and the Company.

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

(3) Appoint only the right candidate

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

Corporate Governance Report

CULTURE

The Company is committed to build and upkeep a positive and strong culture that is built on its purpose, values and strategies which allows its Talents to thrive, meet their full potential, and that enables the Company to deliver long-term sustainable growth and success.

The Board is satisfied that the Company's purpose, values and strategy as established by the Board and the Company's culture are aligned. Such culture instills and continually reinforces across the Group values of acting lawfully, ethically and responsibly.

Also, in discharging their directors' duty to the Company, all directors act with integrity, lead by example and promote the desired culture.

Purpose	Values	Strategy	Culture
• Experience what it's like to compete, win, and to crush your competitors; • Experience the joy of advancing and applying technology to benefit the public; and • Fulfill the desire of "self-actualization" and to become everything that one is capable of becoming.	• Level 1: Continuously striving for the best in life – We continuously look for innovative changes/ improvements in our lives and in our company, including products, services and work processes, and ourselves; even though change can be painful most of the time. – We encourage everyone to try. We regularly change whatever can be changed after a certain period, even though we may not foresee any benefits. – We discover and elevate each individual's ability to make the most of their lives.	• Technology-centric – Irrespective of industries, we are being technology- centric, bringing changes with the use of technology. – Re-defining the industry with advanced technology, research, and development of systems.	• Direct and Action Oriented Direct, frank, and transparent communication with our colleagues. When a conclusion is made, the whole company tackles the task as a single organism (But this alone does not represent "team work"). We encourage direct communication between all levels of the Company. Removing those who intend to hinder progress, and squashing office politics.

CULTURE (continued)

Purpose	Values	Strategy	Culture
	• Level 2: Always something new - We are leading the development of the industry. We constantly look for new challenges and do not follow anyone's footsteps. We establish the norm. We define the standard. We set today's standard industry practices. - We prefer to do what's difficult or impossible, rather than something likely to happen with ease. - We commit ourselves to big and audacious challenges. We appreciate, support, and reward risk-taking decisions. - As a pioneer, we may be accused of moving too fast, and not being accepted by the masses, especially at the beginning. • Level 3: Make everything possible - We lead with action, demonstrating to the next generation the ideas of "Never giving up", "Attitude training", "Willpower", and "Being a hero". - We will be one of the well-known technology adventurers in this city. Our track record includes international calling services & territory-wide fibre broadband networks. Currently, our products and services range from an online shopping mall, multimedia information, eCommerce fulfilment, automated logistics services, big data analysis, and impressive online customer experiences. We continuously make human lives more abundant with technology, and we're even exploring cross-industry healthcare and medical technology projects.	• Being the first mover to set the industry standard & model - We tend to choose the difficult path, with a focus on long term development and invest in infrastructure facilities. - The infrastructure of the telecom industry is the optical fibre network, while the infrastructure in the world of eCommerce is the extensive distribution network consisting of system platforms, big data analysis, automated fulfilment centres, logistics fleets, and physical stores. - Forming a barrier with infrastructures making it challenging for new entrants to compete with us.	• Integrity The first thought before making a decision, resulting in prompt delivery of our promises. • A Strong Team We only work with smart, capable, competent, and demanding people. We need a group of staff with similar capabilities to build "Team Work".

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by Directors of the Company ("Company Code").

Having made specific enquiry with the Directors, all of them have confirmed that they have fully complied with the required standard set out in the Model Code and the Company Code throughout FY2023 and up to the date of this report.

THE BOARD

(i) Responsibilities

The Board steers and oversees the management of the Company including establishing the strategic direction of the Company, setting the long-term objectives of the Company, monitoring the performance of the management, protecting and maximising the interests of the Company and its shareholders, reviewing, considering and approving the annual budget, management results and performance update against annual budget, together with business reports from the management.

The Board has delegated an executive committee comprising all Executive Directors, with authority and responsibility for day-to-day operations and administration of the Company.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary, with a view to ensuring that the Board procedures and all applicable law, rules and regulations, are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

The Company has arranged appropriate directors' and officers' liability insurance cover in respect of legal action against the Directors.

(ii) Board Composition

The Board currently comprises nine Directors with five Executive Directors and four Independent Non-executive Directors. The composition of the Board during FY2023 and up to the date of this report is as follows:

Executive Directors
Mr. Cheung Chi Kin, Paul *(Chairman)*
Mr. Wong Wai Kay, Ricky *(Vice Chairman and Group Chief Executive Officer)*
Ms. Wong Nga Lai, Alice *(Group Chief Financial Officer)*
Mr. Lau Chi Kong *(Chief Executive Officer (International Business))*
Ms. Zhou Huijing *(Chief Executive Officer (Hong Kong))*

Independent Non-executive Directors
Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)

Mr. Ann Yu Chiu Andy has been appointed as an Independent Non-executive Director with effect from 1 January 2024. Mr. Ann had obtained the legal advice referred to in Listing Rule 3.09D on 29 December 2023, and he has confirmed he understood his obligations as an Independent Non-executive Director.

All Executive Directors are responsible for implementing the business strategies and managing the business of the Group in accordance with all applicable rules and regulations, including, but not limited to, the Listing Rules. The Board believes that the balance between Executive and Non-executive Directors (including the Independent Non-executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Company.

THE BOARD (continued)

(ii) Board Composition (continued)

The Company has established mechanisms to ensure independent views and inputs are available to the Board, including:

(i) involving all Independent Non-executive Directors in Board decision and encourage them to express views freely;

(ii) requiring minimum time contribution to the Company from all Independent Non-executive Directors; and

(iii) enabling the Board to obtain independent views and advice, where necessary, from external professional advisors.

The Board will review the implementation and effectiveness of these mechanisms on an annual basis.

Mr. Cheung Chi Kin, Paul is a first cousin of Mr. Wong Wai Kay, Ricky.

Save as disclosed above, there are no financial, business, family, other material and relevant relationships among members of the Board as at the date of this report.

The Company has maintained on the websites of the Stock Exchange and the Company (www.hktv.com.hk) an updated list of its Directors identifying their roles and functions and whether they are Independent Non-executive Directors. Independent Non-executive Directors are also identified as such in all corporate communications that disclose the names of the Directors.

The biographical information of the Directors is set out in the section of "Profile of Directors and Senior Management" on pages 57 to 59 of this annual report.

(iii) Appointment, Re-election and Removal of Directors

The Company follows formal procedures for the appointment of new Directors based on the Company's nomination policy. Appointments are first considered by the Nomination Committee and the nomination is then submitted to the Board for decision with reference to criteria that include professional knowledge and industrial experience, personal ethics, integrity and personal skills of the candidates. Thereafter, all Directors are subject to re-election by the shareholders of the Company at the general meetings in their first year of appointment.

In accordance with the Company's Articles of Association ("Articles"), the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election. Every Director, including Independent Non-executive Directors, is subject to retirement by rotation and re-election at least once every three years. One-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of shareholders of the Company.

In accordance with Articles 96 and 99 of the Articles, Mr. Wong Wai Kay, Ricky, Ms. Zhou Huijing and Mr. Ann Yu Chiu Andy will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re- election.

(iv) Chairman and Chief Executive Officers

Mr. Cheung Chi Kin, Paul, the Chairman of the Board, is primarily responsible for leadership of the Board and overall strategic planning and direction of the Group. Mr. Wong Wai Kay, Ricky, the Vice Chairman and Group Chief Executive Officer, is primarily responsible for overall strategic planning and management of the Group. In addition, Mr. Lau Chi Kong, Chief Executive Officer (International Business), is primarily responsible for the business direction and development of the international business operations of the Group, while Ms. Zhou Huijing, Chief Executive Officer (Hong Kong), is primarily responsible for day-to-day management of the Hong Kong business operations. The positions of the Chairman and the Chief Executive Officers are currently held by separate individuals for the purpose of ensuring an effective segregation of duties and a balance of power and authority.

THE BOARD (continued)

(v) Independent Non-executive Directors

The term of office of the Independent Non-executive Directors has been fixed for a specific term of one year. They are subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Articles.

Pursuant to Rule 3.13 of the Listing Rules, each of the Independent Non-executive Directors has made a written confirmation of independence and the Company considers all Independent Non-executive Directors are independent.

(vi) Number of Meetings and Directors' Attendance

The Board meets from time to time, and on no less than four times a year, to discuss and exchange ideas on the Company's affairs. During FY2023, the Board held six meetings to deliberate the interim and final results announcements, financial reports, to recommend or declare dividends and to discuss significant issues and general operation of the Company, all of which were convened in accordance with the Articles.

During the year under review, the attendance records of the Directors at the Board meetings are set out below:

Name of Directors	Number of meetings attended/held
Executive Directors	
Mr. Cheung Chi Kin, Paul	5/6
Mr. Wong Wai Kay, Ricky	6/6
Ms. Wong Nga Lai, Alice	6/6
Mr. Lau Chi Kong	6/6
Ms. Zhou Huijing	6/6
Independent Non-executive Directors	
Mr. Lee Hon Ying, John	5/6
Mr. Peh Jefferson Tun Lu	6/6
Mr. Mak Wing Sum, Alvin	6/6
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors only without the presence of other Board members during the year under review.

(vii) Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least fourteen days before the meetings. For other Board and committees meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least three days before each regular Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

The Company Secretary is responsible to keep minutes of all Board and committees meetings. Draft minutes are circulated to all Directors or committee members for comment in a timely manner and final version for their records. The minutes or resolutions of the Board and the committees are open for inspection by Directors.

THE BOARD (continued)

(viii) Board Diversity Policy

The Board adopted a board diversity policy ("Board Diversity Policy") in August 2013 to comply with the code provisions of the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity in the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, knowledge, length of service and skills.

The Board currently comprises two female Directors and seven male Directors. The Board considers that the Company has achieved gender diversity at the Board level and targets to maintain, or if suitable candidates are identified further enhance, such achievement.

In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations.

As at 31 December 2023, we maintained approximately 4:6 ratio of women to men in the workplace. For details of our hiring practices, please refer to the "Environmental, Social and Governance Report" section of this annual report.

At the Nomination Committee meeting held on 25 March 2024, having taken into account the Company's corporate strategy and the skills, knowledge and experience of the Board members of the Company, the Nomination Committee considered the structure, size and composition of the Board was satisfactory.

(ix) Training and Support for Directors

Each newly appointed Director is provided with necessary induction on appointment to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statues, laws, rules and regulations. The Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development activities at the Company's expense to develop and refresh their knowledge and skills. To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:

Name of Directors	Training on corporate governance, legal and regulatory requirements and other relevant topics
Executive Directors	
Mr. Cheung Chi Kin, Paul	✓
Mr. Wong Wai Kay, Ricky	✓
Ms. Wong Nga Lai, Alice	✓
Mr. Lau Chi Kong	✓
Ms. Zhou Huijing	✓
Independent Non-executive Directors	
Mr. Lee Hon Ying, John	✓
Mr. Peh Jefferson Tun Lu	✓
Mr. Mak Wing Sum, Alvin	✓
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

BOARD COMMITTEES

In order to oversee various aspects of the Company's affairs, the Board has set up the Audit Committee, Nomination Committee and Remuneration Committee (collectively the "Board Committees"). All of the members of the Board Committees are Independent Non-executive Directors.

Members of the Board Committees have been advised that they may seek independent professional advice at the Company's expenses in appropriate circumstances.

(i) Audit Committee

The Board established its Audit Committee in March 1999 with specific written terms of reference setting out the committee's authority and duties.

The Audit Committee currently comprises four members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024), who are all Independent Non-executive Directors and two of whom possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. Lee Hon Ying, John is the Chairman of the Audit Committee. The Audit Committee is provided with sufficient resources to discharge its duties.

The major roles and functions of the Audit Committee are set out in the Audit Committee Charter which is made available on the websites of the Stock Exchange and the Company (www.hktv.com.hk). The Audit Committee is responsible for, inter alia, overseeing the accounting and financial reporting processes of the Group including the audits of the Group's financial statements on behalf of the Board; the appointment of the external auditor and approval of its fees; and reviewing and discussing the internal audit activities of the Company including the internal audit plans, internal audit reports, and related examinations and results prepared by the Internal Audit Department.

The Audit Committee held four meetings during FY2023. Executive Directors, Head of the Internal Audit Department and the external auditors of the Company were invited to join the discussions at the relevant meetings.

Following is a summary of works performed by the Audit Committee during the year under review:

(i) reviewed the Company's financial statements for the year ended 31 December 2022 and for the six months ended 30 June 2023;

(ii) reviewed the internal audit progress and the framework and policy of risk management;

(iii) reviewed the external auditor's report on the audit of the Company's consolidated financial statements for the year ended 31 December 2022 and review of the Company's interim financial report for the six months ended 30 June 2023; and

(iv) pre-approved the audit and non-audit services provided by the Company's external auditor.

The Audit Committee Chairman and other committee members also met in separate private sessions with the external auditors at least two times during the year under review.

BOARD COMMITTEES (continued)

(i) Audit Committee (continued)

During the year under review, the attendance records of the members of the Audit Committee are set out below:

Attendance of individual members at Audit Committee meetings

Name of Directors	Number of meetings attended/held
Independent Non-executive Directors	
Mr. Lee Hon Ying, John *(Chairman)*	3/4
Mr. Peh Jefferson Tun Lu	4/4
Mr. Mak Wing Sum, Alvin	4/4
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

(ii) Nomination Committee

The Board established its Nomination Committee in February 2012 with specific written terms of reference setting out the committee's authority and duties.

The Nomination Committee currently comprises four members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024), who are all Independent Non-executive Directors. Mr. Peh Jefferson Tun Lu is the Chairman of the Nomination Committee. The Nomination Committee is provided with sufficient resources to discharge its duties. The principal duties of the Nomination Committee include the following:

(i) review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to implement the Company's corporate strategy;

(ii) identify qualified individuals to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(iii) assess the independence of Independent Non-executive Directors; and

(iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and chief executive.

The role and authorities of the Nomination Committee, including those set out in code provision B.3.1 of the CG Code, were set out in its terms of reference which is made available on the websites of the Stock Exchange and the Company (www.hktv.com.hk).

The procedure for appointment of Directors and criteria for selection are set out in the nomination policy of the Company. Under the nomination policy of the Company, the nomination of Directors is based on meritocracy and the Board Diversity Policy to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs.

BOARD COMMITTEES (continued)

(ii) Nomination Committee (continued)

The Nomination Committee held one meeting during the year under review. Following is a summary of works performed by the Nomination Committee during the year under review:

- considered and endorsed the nomination of an additional Independent Non-executive Director for the Board's approval;
- reviewed the structure, size and composition of the Board and made recommendations to the Board;
- reviewed the independence of Independent Non-executive Directors;
- made recommendations to the Board on the appointment or re-appointment of Directors by rotation at the forthcoming annual general meeting for the Company; and
- ensured that the Board has a balance of expertise, skills and experience appropriate to meet the requirements of the business of the Company.

During the year under review, the attendance records of the members of the Nomination Committee are set out below:

Attendance of individual members at Nomination Committee meeting

Name of Directors	Number of meetings attended/held
Independent Non-executive Directors	
Mr. Peh Jefferson Tun Lu *(Chairman)*	1/1
Mr. Lee Hon Ying, John	1/1
Mr. Mak Wing Sum, Alvin	1/1
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

(iii) Remuneration Committee

The Board established its Remuneration Committee in August 2001 with specific written terms of reference setting out the committee's authority and duties.

The Remuneration Committee currently comprises four members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, Mr. Mak Wing Sum, Alvin and Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024), who are all Independent Non-executive Directors. Mr. Lee Hon Ying, John is the Chairman of the Remuneration Committee. The Remuneration Committee is provided with sufficient resources to discharge its duties. The principal duties of the Remuneration Committee include the following:

(i) establish a formal, fair and transparent procedures for developing policy and structure of all remuneration of directors and senior management;

(ii) review and consider the Company's policy for remuneration of directors and senior management;

(iii) determine the remuneration packages, bonuses and other compensation payable to executive directors and senior management; and

(iv) recommend the remuneration packages of Independent Non-executive Directors.

BOARD COMMITTEES (continued)

(iii) Remuneration Committee (continued)

The Company ensures that its directors' remuneration policy could provide an appropriate level of remuneration to attract and retain experienced professionals of high calibre to oversee the Group's business, growth and returns to investors.

The remuneration of Directors is reviewed at least annually and determined with reference to the skills, experience and knowledge of the Directors, their job responsibilities and level of involvement in the Group's affairs, corporate performance, individual performance as well as prevailing market conditions.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management's emoluments for FY2023 is set out in note 10 to the financial statements.

The Remuneration Committee held two meetings during the year under review. Following is a summary of works performed by the Remuneration Committee during the year under review:

(i) recommend the remuneration packages of Independent Non-executive Directors;

(ii) reviewed and approved the discretionary performance bonus for the Executive Directors; and

(iii) reviewed and approved the remuneration packages of the Executive Directors.

During the year under review, the attendance records of the members of the Remuneration Committee are set out below:

Attendance of individual members at Remuneration Committee meeting

Name of Directors	Number of meetings attended/held
Independent Non-executive Directors	
Mr. Lee Hon Ying, John *(Chairman)*	2/2
Mr. Peh Jefferson Tun Lu	2/2
Mr. Mak Wing Sum, Alvin	2/2
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for the corporate governance requirements under the CG Code:

a. to develop and review the Company's policies and practices on corporate governance;

b. to review and monitor the training and continuous professional development of Directors and senior management;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual applicable to Talents and Directors; and

e. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility, with the support from the Finance Department of the Company, for preparing the financial statements of the Group for FY2023. The Board shall ensure that the financial statements of the Group are prepared as to give a true and fair view and on a going concern basis in accordance with the statutory requirements and applicable financial reporting standards.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities and opinion on the financial statements of the Company and the Group for FY2023 is set out in the "Independent Auditor's Report" on pages 88 to 92 of this annual report.

AUDITOR'S REMUNERATION

KPMG has been re-appointed as the external auditor of the Company by the shareholders of the Company at the annual general meeting held by the Company on 30 June 2023 ("2023 AGM").

For FY2023, the total fee paid to the Company's external auditor, KPMG, in relation to audit and non-assurance services of the Group amounted to approximately HK$3,451,000. Details are set out below:

Type of Services	FY2023 HK$'000
Audit and audit related services	
– Audit	2,880
– Interim review	245
Non-assurance services	
– Tax compliance	276
– Agreed upon procedures on annual results announcement	50
Total	3,451

COMPANY SECRETARY

The Company Secretary, Ms. Wong Nga Lai, Alice is a Talent of the Company and she is also the Executive Director and Group Chief Financial Officer of the Company, who has day-to-day knowledge of the Company's affairs. The biographical information of Ms. Wong is set out in the section of "Profile of Directors and Senior Management" on pages 57 to 59 of this annual report.

During the year under review, Ms. Wong has undertaken not less than 15 hours of relevant professional training.

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Group has established policies and measures that promote and require compliance with anti-corruption laws and regulations and facilitate whistleblowing in confidence and anonymity. For further details, please refer to "Environmental, Social and Governance Report" section of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to maintain a sound and effective risk management and internal control system. Such systems have been designed to safeguard the Group's assets, maintain proper accounting records and to ensure that transactions are executed in accordance with established policies and procedures as well as appropriate authorisation. Company policies and procedures are designed to manage rather than eliminate risk of failure to achieve business objectives and to provide a reasonable, but not absolute, assurance against material misstatement, loss or fraud.

Risk management process involves operation management's input to the risk identification, evaluation and management of significant risks. Operation management makes decisions regarding which risks are acceptable and how to address those that are not. The Group periodically reviewed Company policies and procedures, code of business conduct, corruption and conflicts of interest policy and whistleblower policy. These policies are in place to facilitate Talents of the Group to understand the acceptable and non-acceptable behaviors, as well as the escalation procedures on any suspected misconduct/malpractice within the Group, so as to protect, enhance and improve the ethical and integrity value of the Group. Furthermore, departmental operating procedures/internal control memorandum for key workflows are established by operation management. Control procedures are set up to mitigate risks.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system and ensuring that the Group established and maintained appropriate and effective systems. Management also assists the Board in the implementation of the Group's policies, procedures and controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Group has established an Audit Committee under the Board, which has the functions of monitoring compliance with laws by the Group's senior management and in its daily operations, and of carrying out investigations for suspected breaches of law. The Company convened meetings with the Audit Committee periodically to discuss financial, operational and compliance controls and risk management functions. Moreover, the Audit Committee assists the Board in leading the management and overseeing their design, implementing and monitoring of the risk management and internal control systems.

The Internal Audit Department is responsible for assessing and monitoring the internal controls of the Group. The Internal Audit Department directly reports to the Chairman of the Group and the Audit Committee on findings related to material controls, including financial, operational and compliance risks and the respective risk mitigation activities.

Internal Audit Reports are prepared by the Internal Audit Department and presented to the Group's management and operational teams for attention and appropriate actions. Remediation actions have been developed collaboratively by the Group's management and operational teams to rectify the control weaknesses identified.

The Board has conducted its annual review of the effectiveness of the Group's risk management and internal control systems. The Board considered that, for FY2023, the risk management and internal control system and procedures of the Group were reasonably effective and adequate, and that no material deficiencies had been identified.

INSIDE INFORMATION POLICY

The Board has adopted an Inside Information Policy setting out the guidelines to the Directors and all Talents of the Group to ensure that inside information can be promptly identified, assessed and disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to safeguarding shareholders' interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group.

The Board adopted a Shareholders Communication Policy which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and potential investors to engage actively with the Company. The various communication channels with shareholders are set out in "Stakeholder Communication" section under "Environmental, Social and Governance Report" section of this annual report. Under the year of review, the Board confirmed the implementation and effectiveness of the Shareholders Communication Policy.

Information Disclosure on the Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties on a timely basis. All such publications together with additional information of the Group are timely updated on the Company's website at www.hktv.com.hk.

General Meetings with Shareholders

The 2023 AGM was attended by, among others, the Chairman of the Board, Group Chief Executive Officer, Chief Executive officer (International Business), Chief Executive Officer (Hong Kong), Group Chief Financial Officer, chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, and representatives of KPMG, the external auditor of the Company, to answer questions raised by shareholders at the 2023 AGM.

During the year under review, the attendance records of the Directors at the 2023 AGM are set out below:

Name of Directors	AGM attended/held
Executive Directors	
Mr. Cheung Chi Kin, Paul	1/1
Mr. Wong Wai Kay, Ricky	1/1
Ms. Wong Nga Lai, Alice	1/1
Mr. Lau Chi Kong	1/1
Ms. Zhou Huijing	1/1
Independent Non-executive Directors	
Mr. Lee Hon Ying, John	1/1
Mr. Peh Jefferson Tun Lu	1/1
Mr. Mak Wing Sum, Alvin	1/1
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)	N/A

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirement under Paragraph K of the CG Code:

Convening of general meeting on requisition by shareholders

Sections 566 of Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) provides that shareholder(s) holding at the date of the deposit of the requisition not less than 5% of the total voting rights of all the shareholders of the Company and carrying the right of voting at general meeting of the Company, may request the Board of the Company, to convene a general meeting. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Procedures for putting forward proposals at general meetings by shareholders

Section 615 of Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the annual general meeting; or (ii) at least 50 shareholders who have a right to vote on the resolution at the annual general meeting may request the Company to circulate a notice of a resolution for consideration at the annual general meeting.

The request must identify the resolution to be moved at the annual general meeting and must be authenticated by the relevant shareholder(s) and sent to the Company in hardcopy form or in electronic form not later than six weeks before the relevant annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by writing at the registered office of the Company. Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

During FY2023, there was no significant change in the constitutional documents of the Company.

Report of the Directors

The Directors submit herewith their annual report together with the audited consolidated financial statements for FY2023.

REGISTERED OFFICE

Hong Kong Technology Venture Company Limited ("Company") is a company incorporated and domiciled in Hong Kong. Its registered office is at HKTV Multimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activities of the Company and its subsidiaries (collectively the "Group") include (i) Ecommerce business which cover end-to-end online shopping platform operation (including fulfillment and logistics), multimedia production and other related services; and (ii) New venture projects performing research and development activities on technologies, and operating business by adopting the technologies globally; and (iii) research, development and provision of technology solutions as a service including end-to-end digital retailing and retail store automation. The principal activities of its major subsidiaries are detailed in note 14 to the financial statements.

BUSINESS REVIEW

The business review of the Group is set out in the sections headed "Chairmen's Statement"[23] and "Management's Discussion and Analysis"[24] of this annual report respectively. Description of the principal risks and uncertainties faced by the Group is set out in the section "Principal Risks and Uncertainties"[25] of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

The Group values all its stakeholders including business partners, customers, suppliers, merchants and Talents.

The Group regularly engage and share business updates with our stakeholders through various communication channels in order to enable their expert contribution and have their needs and issues heard and addressed.

More detailed information on our relationships with our Talents is set out in the section headed "Management's Discussion and Analysis"[24] and "Environmental, Social and Governance Report"[26] of this annual report.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The Group recognises its corporate responsibility to promote environmental and social sustainability and has therefore taken up various initiatives with a view to reducing energy consumption, food and paper waste and GHG emissions. We take initiatives to control electricity consumption by using energy-efficient retrofits and air-conditioning and lighting control measures in workplaces.

Going forward, the Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the Group's daily operation and also continue to promote environmental practices and social sustainability through various initiatives consistent with its policies and relevant laws and regulations.

Please see the "Environmental, Social and Governance Report"[26] section of this annual report for details.

23 See pages 14 to 15
24 See pages 17 to 36
25 See page 32
26 See pages 37 to 56

FINANCIAL STATEMENTS

The profit of the Group for FY2023 and the financial position of the Company and the Group as at that date are set out in the "Financial statements"[27] of this annual report.

ANALYSIS ON FINANCIAL PERFORMANCE

Please refer to the sections headed "Group Operational and Financial Highlights"[28] and "Management's Discussion and Analysis"[24] of this annual report.

DIVIDEND POLICY AND DIVIDENDS

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:

(i) The Company's prevailing and expected results of operations and profitability;

(ii) The Company's liquidity position;

(iii) The Company's capital investment plans (including investment opportunities and development plans); and

(iv) Market conditions.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: HK8 cents per ordinary share of the Company).

The Board does not recommend the payment of final dividend for FY2023 (for the year ended 31 December 2022: nil) to retain liquidity for future CAPEX plan, new ventures investment and share repurchase program.

27 See pages 93 to 162
28 See pages 2 to 3

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the Company's forthcoming annual general meeting.

In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 12 June 2024.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$282,000 (2022: HK$128,000).

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital and share options of the Company during the year are set out in note 21 to the financial statements. Shares were issued during the year on the exercise of share options. Details on the issuance of shares are also set out in note 21 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the sections headed "Share Option Schemes"[29] and "Share Award Scheme"[30] of this annual report, no equity-linked agreements were entered into by the Company during or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2023, calculated in accordance with the provision of Part 6 of Companies Ordinances (Cap. 622) of the laws of Hong Kong, amounted to approximately HK$1,549,028,000 (2022: HK$1,622,375,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results of the assets and liabilities of the Group for the last five financial years is set out on page 163 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2023, the Company repurchased a total of 35,449,000 shares of the Company ("Shares") on the Stock Exchange for an aggregate consideration of approximately HK$110.2 million before expenses. The repurchased Shares were subsequently cancelled.

[29] See pages 81 to 84

[30] See pages 84 to 85

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (continued)

The Board is of the view that the repurchase is in the best interests of the Company and the shareholders as a whole. The repurchase demonstrates the Company's confidence in in its potential growth and long-term business prospects and should, ultimately, benefit the Company and enhance overall shareholder's return. Details of the Shares repurchased are as follows:

Month of purchase in 2023	No. of Shares purchased	Purchase consideration per Share Highest price paid HK$	 Lowest price paid HK$	Aggregate Consideration (before expenses) paid HK$
July	1,266,000	4.49	4.45	5,677,870
August	2,658,000	3.48	3.43	9,212,510
September	22,866,000	3.28	2.91	72,682,560
October	2,928,000	2.95	2.73	8,333,580
November	1,116,000	2.58	2.47	2,820,490
December	4,615,000	2.56	2.39	11,475,160
Total:	35,449,000			110,202,170

Save as disclosed above and in note 21 to the financial statements, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2023.

GROUP'S BORROWINGS

The Group had no outstanding borrowings as at 31 December 2023 and 2022.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Cheung Chi Kin, Paul *(Chairman)*
Mr. Wong Wai Kay, Ricky *(Vice Chairman and Group Chief Executive Officer)*
Ms. Wong Nga Lai, Alice *(Group Chief Financial Officer)*
Mr. Lau Chi Kong *(Chief Executive Officer (International Business))*
Ms. Zhou Huijing *(Chief Executive Officer (Hong Kong))*

Independent Non-executive Directors

Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin
Mr. Ann Yu Chiu Andy (appointment effective from 1 January 2024)

In accordance with Articles 96 and 99 of the Articles, Mr. Wong Wai Kay, Ricky, Ms. Zhou Huijing and Mr. Ann Yu Chiu Andy will retire from office by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election.

DIRECTORS OF SUBSIDIARIES

The list of names of all the Company's subsidiaries' directors during the year and up to the date of this annual report is available on the Company's website at www.hktv.com.hk.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Please see "Profile of Directors and Senior Management"[31] of this annual report.

CHANGES IN 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 interim report is set out as follows:

1. Changes in Directors' emoluments during FY2023 are set out in note 10 to the financial statements.

2. Mr. Mak Wing Sum, Alvin has been appointed as an independent non-executive director of K Cash Corporation Limited (a company listed on the Stock Exchange) with effect from 31 October 2023.

3. The annual Director's fee of Mr. Lee Hon Ying, John has been adjusted from HK$294,030 to HK$308,730 with effect from 1 January 2024.

4. The annual Director's fee of Mr. Peh Jefferson Tun Lu has been adjusted from HK$275,890 to HK$289,680 with effect from 1 January 2024.

5. The annual Director's fee of Mr. Mak Wing Sum, Alvin has been adjusted from HK$275,890 to HK$289,680 with effect from 1 January 2024.

6. The monthly base salary of Mr. Cheung Chi Kin, Paul has been adjusted from HK$180,000 to HK$250,000 with effect from 1 January 2024.

7. The monthly base salary of Mr. Wong Wai Kay, Ricky has been adjusted from HK$800,000 to HK$1,000,000 with effect from 1 January 2024.

8. The monthly base salary of Ms. Wong Nga Lai, Alice has been adjusted from HK$250,000 to HK$262,500 with effect from 1 April 2024.

9. The monthly base salary of Mr. Lau Chi Kong has been adjusted from HK$220,000 to HK$226,600 with effect from 1 April 2024.

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

[31] See pages 57 to 59

PERMITTED INDEMNITY PROVISION

The Articles provides that subject to the provisions of the Companies Ordinance every Director may be indemnified out of the assets of the Company against any liability incurred by him/her as a director in defending any proceedings. The permitted indemnity provision made by the Company for the benefit of the Directors is in force.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

Directors' interests or short positions in shares and in share options

At 31 December 2023, the interests or short positions of the Company's Directors, chief executive 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 pursuant to the Model Code were as follows:

Long position in ordinary shares and underlying shares of the Company

	Interest in shares						
Name of Director	Personal interests	Corporate interests	Family interests	Total interest in shares	Interests in underlying shares pursuant to share options	Aggregate interests	Approximate percentage interests in the Company's issued share capital Note (1)
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:

(1) This percentage is based on 888,545,781 ordinary shares of the Company issued as at 31 December 2023.

(2) 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:

(i) 24,924,339 shares are held by Worship Limited which is 50% owned by Mr. Cheung.

(ii) 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" of this annual report.

Save as disclosed above, as at 31 December 2023, none of the Directors nor chief executive (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.

SHARE OPTION SCHEMES

The Company operates two share option schemes adopted by shareholders of the Company on 31 December 2012 ("2012 Share Option Scheme") and 2 June 2020 ("2020 Share Option Scheme") respectively. Under the share option schemes, 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. The 2012 Share Option Scheme has expired on the tenth anniversary of its adoption (i.e. 31 December 2022).

The 2012 Share Option Scheme

A summary of the 2012 Share Option Scheme operated by the Company is as follows:

(1) Purpose

To grant share options to the eligible participants as incentives and rewards for their contribution to the Company or its subsidiaries.

(2) Eligible participants

Eligible participants include employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries, suppliers and professional advisers of the Group.

(3) The total number of shares available for issue

As at the date of this annual report, no share is available for issue under the 2012 Share Option Scheme.

(4) The maximum entitlement of each participant under the 2012 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2012 Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each participant in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting with such grantee and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

(5) The period within which the shares must be taken up under an option

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

(6) The minimum period for which an option must be held before it can be exercised

The Board is empowered to impose, at its discretion, any minimum period that an option must be held at the time of the grant of any particular option.

(7) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid

Acceptance of the option must be made within 30 days after the date of offer and HK$1.00 must be paid as a consideration for the grant of option.

(8) The basis of determining the exercise price

The Board shall determine the exercise price of each option granted but in any event shall not be less than the highest of: (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (b) the average of the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant.

SHARE OPTION SCHEMES (continued)

The 2012 Share Option Scheme (continued)

(9) The remaining life of the 2012 Share Option Scheme

The 2012 Share Option Scheme has expired on its 10th anniversary, i.e. 31 December 2022. Subsequent to the expiry of the 2012 Share Option Scheme, no further option can be granted thereunder but in all other respects, the provisions of the 2012 Share Option Scheme shall remain in force and all options granted prior to such expiry shall continue to be valid and exercisable in accordance therewith.

(10) Details of the share options granted under the 2012 Share Option Scheme as at 31 December 2023 are as follows:

Participants	Date of grant	Exercise price per share HK$	Balance as at 1 January 2023	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Balance as at 31 December 2023	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	2,590,000	-	55,000 (Note 2)	-	2,535,000	21 February 2017 to 28 February 2018	1 March 2018 to 20 February 2027
	27 December 2019	3.420	3,759,900	-	290,600 (Note 3)	12,700 (Note 4)	3,456,600	27 December 2019 to 31 December 2020	1 January 2021 to 26 December 2029
	27 December 2019	3.420	6,008,500	-	559,188 (Note 5)	52,150 (Note 6)	5,397,162	27 December 2019 to 31 December 2021	1 January 2022 to 26 December 2029
	31 March 2021	12.788	1,200,000	-	-	400,000	800,000	(Note 7)	(Note 7)
Total			44,451,400	-	904,788	464,850	43,081,762		

SHARE OPTION SCHEMES (continued)

The 2012 Share Option Scheme (continued)

(10) (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 weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$4.39.
3. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$5.23.
4. The options lapsed during the year under review upon resignation of certain eligible Talents.
5. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$9.87.
6. The options lapsed during the year under review upon resignation of certain eligible Talents.
7. The exercise of the options is subject to certain conditions that must be achieved by the grantees. The validity period of the options is from 31 March 2021 to 30 March 2031.

The 2020 Share Option Scheme

A summary of the 2020 Share Option Scheme operated by the Company is as follows:

(1) Purpose

To grant share options to the eligible participants as incentives and rewards for their contribution to the Company or its subsidiaries.

(2) Eligible participants

Eligible participants include employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries, suppliers and professional advisers of the Group.

(3) The total number of shares available for issue

The total number of shares which may be issued upon exercise of options to be granted under the 2020 Share Option Scheme and any other share scheme(s) of the Company must not exceed 10% of the total number of shares in issue as at the date of adoption of the 2020 Share Option Scheme on 2 June 2020 (i.e. 91,081,364 shares). As at the date of this annual report, the number of shares available for issue under the 2020 Share Option Scheme in respect thereof is 90,422,564 shares, representing approximately 10.18% of the issued shares of the Company as at such date.

(4) The maximum entitlement of each participant under the 2020 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2020 Share Option Scheme and any other share scheme(s) of the Company (including exercised, cancelled and outstanding options) to each participant in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting with such grantee and his close associates (as defined in the Listing Rules) (or his associates if such grantee is a connected person of the Company) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

SHARE OPTION SCHEMES (continued)

The 2020 Share Option Scheme (continued)

(5) The period within which the shares must be taken up under an option

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

(6) The minimum period for which an option must be held before it can be exercised

The Board is empowered to impose, at its discretion, any minimum period that an option must be held at the time of the grant of any particular option.

(7) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid

Acceptance of the option must be made within 30 days after the date of offer and HK$1.00 must be paid as a consideration for the grant of option.

(8) The basis of determining the exercise price

The Board shall determine the exercise price of each option granted but in any event shall not be less than the highest of: (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (b) the average of the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant.

(9) The remaining life of the 2020 Share Option Scheme

The 2020 Share Option Scheme will remain in force for a period of 10 years commencing on 2 June 2020 up to 1 June 2030.

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 2023 and 31 December 2023, the number of options available for grant under the 2020 Share Option Scheme is 89,957,714 and 90,422,564 respectively.

SHARE AWARD SCHEME

2021 Share Award Scheme

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

A summary of the 2021 Share Award Scheme operated by the Company is as follows:

(1) Purpose

To recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them to strive for the future development and expansion of the Group by aligning their interests directly to that of the shareholders of the Company, and to attract suitable personnel for further development of the Group.

(2) Eligible participants

Eligible participants include any individual, being an employee, director, officer, consultant or adviser of any member of the Group or any other person whom the board of directors of the Company or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

SHARE AWARD SCHEME (continued)

2021 Share Award Scheme (continued)

(3) The total number of shares available for issue

The total number of shares which may be granted under the 2021 Share Award Scheme must not exceed 10% of the total number of shares in issue as at the date of adoption of the 2021 Share Award Scheme on 31 March 2021 (i.e. 91,598,574 shares).

As at the date of this annual report, the number of shares available for issue under the 2021 Share Award Scheme in respect thereof is 91,598,574 shares, representing approximately 10.31% of the issued shares of the Company as at such date.

(4) The maximum entitlement of each participant under the 2021 Share Award Scheme

The total number of shares issued and to be issued under the 2021 Share Award Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each participant in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares in issue as at the date of grant.

Any further grant in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting with such grantee and his close associates (as defined in the Listing Rules) (or his associates if such grantee is a connected person of the Company) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

(5) The vesting period of awards granted under the 2021 Share Award Scheme

The Board may from time to time while the 2021 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested.

Subject to the terms and conditions of the 2021 Share Award Scheme and the fulfilment of all vesting conditions to the vesting of the awarded shares of the Company on such selected participant, the respective awarded shares of the Company shall vest in such selected participant.

(6) The amount payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be paid

None.

(7) The basis of determining the purchase price of shares awarded

Not applicable as there is no purchase price under the 2021 Share Award Scheme.

(8) The remaining life of the 2021 Share Award Scheme

Subject to any early termination determined by the Board in accordance with the rules of the 2021 Share Award Scheme, the 2021 Share Award Scheme is valid and effective for a term of 10 years commencing on its adoption date (i.e. 31 March 2021 to 30 March 2031).

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 2023 and 31 December 2023, the number of awarded shares available for grant under the 2021 Share Award Scheme is 91,598,574 and 91,598,574 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Schemes"[29] and "Share Award Scheme"[30], at no time during FY2023 was the Company or any of its subsidiaries a party to any arrangements to enable the directors and/or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDER

As at 31 December 2023, the interests or short positions of the persons, other than the directors or chief executive 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	Capacity in which ordinary shares were held	Interests in shares in long positions	Percentage interests (Note)
Top Group International Limited	Beneficial Owner	355,051,177	39.96%

Note: This percentage is based on 888,545,781 ordinary shares of the Company issued as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, the Company had not been notified of any persons (other than directors and chief executive of the Company) having any interest 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of turnover and purchase for the year attributable to the Group's five largest customers and suppliers is less than 30% of total turnover and purchase for the year and therefore no disclosures with regard to major customers and suppliers are made.

SUFFICIENCY OF PUBLIC FLOAT

On the basis of information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this annual report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules during FY2023.

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Report of the Directors

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices. Details about the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" contained in this annual report.

RETIREMENT SCHEME

Throughout FY2023, the Group operated a mandatory provident fund scheme. Particulars of the mandatory provident fund scheme are set out in note 9 to the financial statements.

AUDITOR

The financial statements have been audited by KPMG who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board
Cheung Chi Kin, Paul
Chairman

Hong Kong, 27 March 2024

Independent Auditor's Report

Independent auditor's report to the members of Hong Kong Technology Venture Company Limited

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Hong Kong Technology Venture Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 93 to 162, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from the Ecommerce business

Refer to note 2 to the consolidated financial statements and the accounting policies in note 1(t)(i).

The Key Audit Matter

The Group's Ecommerce income, which totalled HK$3,661.2 million for the year ended 31 December 2023, principally comprises revenue from direct merchandise sales (where the Group acts as principal) and commission income from concessionaire sales to customers (where the Group acts as agent), whereby payments from customers are made through online payment processing service providers.

Ecommerce income comprises a high volume of individually low value transactions. Revenue is recognised when the customer has taken possession of and accepted the goods.

The Group's information technology systems are complex and process a large volume of transactions, including details of the date and time of delivery of the goods sold, the combination of products sold together, commission rates for each merchant and price updates applied during the year. The completeness and accuracy of revenue from the Group's Ecommerce business is highly reliant on the information technology systems.

We identified the recognition of revenue from the Ecommerce business as a key audit matter because revenue is one of the key performance indicators of the Group and involves complicated information technology systems, both of which give rise to an inherent risk that revenue could be incorrectly calculated or recorded in the incorrect period.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue from the Ecommerce business included the following:

- inspecting samples of agreements with merchants to assess the Group's revenue recognition policies based on the terms and conditions as set out in the agreements with merchants, with reference to the requirements of the prevailing accounting standards;

- engaging our internal information technology specialists to evaluate the design, implementation and operating effectiveness of key internal controls over the capturing and processing of revenue transactions, including the completeness and accuracy of the transaction details contained within the Group's information technology systems;

- assessing the design, implementation and operating effectiveness of key manual internal controls over the reconciliation of transaction details captured by the Group's information technology systems with receipts from the online payment processing service providers;

- comparing settlements received from customers with the relevant details in merchant transaction reports received by the Group from the processing bank and bank statements, on a sample basis;

- comparing the transaction details captured by the Group's information technology systems with customers' acknowledgement of receipt of the goods sold, on a sample basis; and

- comparing the amount of commission income captured by the Group's information technology systems with corresponding details as set out in merchants' statements and recalculating the commission income recorded by the Group by inspecting agreements with merchants and relevant transaction details, on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ming.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2024

Consolidated Income Statement

For the year ended 31 December 2023 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Turnover	2	**3,811,706**	3,828,051
Direct merchandise sales	2	**2,392,982**	2,425,620
Cost of inventories		**(1,865,094)**	(1,819,490)
		527,888	606,130
Income from concessionaire sales and other service income	2	**1,268,187**	1,265,444
Multimedia advertising income and licensing of programme rights	2	**150,537**	131,630
Technology business income	2	**-**	5,357
Valuation (losses)/gains on investment properties	12	**(600)**	650
Other operating expenses	4(a)	**(1,979,343)**	(1,868,744)
Other income, net	3	**90,560**	15,506
Finance costs	4(b)	**(18,465)**	(13,613)
Profit before taxation		**38,764**	142,360
Income tax credit	5	**6,557**	69,844
Profit for the year		**45,321**	212,204
Earnings per share	8		
Basic		**HK$0.05**	HK$0.23
Diluted		**HK$0.05**	HK$0.22

The notes on pages 99 to 162 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Profit for the year		**45,321**	212,204
Other comprehensive income for the year	7		
Item that will not be reclassified to profit or loss:			
Equity instruments designated at fair value through other comprehensive income			
– net movement in fair value reserve (non-recycling)		**2,837**	(6,851)
Remeasurement of defined benefit plan obligations		**(917)**	–
		1,920	(6,851)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(1,135)**	587
Debt securities measured at fair value through other comprehensive income			
– net movement in fair value reserve (recycling)		**(1,065)**	(8,539)
		(2,200)	(7,952)
Other comprehensive income for the year		**(280)**	(14,803)
Total comprehensive income for the year		**45,041**	197,401

The notes on pages 99 to 162 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023 (Expressed in Hong Kong dollars)

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment	12	**1,970,085**	1,971,551
Intangible assets	13	**135,226**	103,209
Long-term receivables, deposits and prepayments		**63,167**	147,194
Other financial assets	16	**201,060**	292,791
Deferred tax assets	22(a)	**89,005**	81,252
		2,458,543	2,595,997
Current assets			
Other receivables, deposits and prepayments	17	**128,515**	121,175
Inventories and other contract costs	15	**140,418**	144,791
Other current financial assets	16	**160,712**	51,742
Time deposits		**243,028**	–
Cash and cash equivalents	18	**330,565**	705,807
		1,003,238	1,023,515
Current liabilities			
Accounts payable	19	**382,760**	354,627
Other payables and accrued charges	19	**446,926**	443,665
Deposits received		**5,757**	5,757
Tax payable		**3**	611
Lease liabilities	20	**151,351**	164,098
		986,797	968,758
Net current assets		**16,441**	54,757
Total assets less current liabilities		**2,474,984**	2,650,754

The notes on pages 99 to 162 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023 (Expressed in Hong Kong dollars)

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
Non-current liabilities			
Deferred tax liabilities	22(a)	**1,709**	1,566
Other payables and accrued charges	19	**6,479**	–
Lease liabilities	20	**321,448**	440,395
		329,636	441,961
NET ASSETS		**2,145,348**	2,208,793
CAPITAL AND RESERVES			
Share capital	21(b)	**1,805,004**	1,800,972
Reserves		**340,344**	407,821
TOTAL EQUITY		**2,145,348**	2,208,793

Approved and authorised for issue by the board of directors on 27 March 2024.

Cheung Chi Kin, Paul
Director

Wong Wai Kay, Ricky
Director

The notes on pages 99 to 162 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
	Note	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 HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2022		1,774,173	64,967	183,338	(2,345)	(3,935)	2	47,409	(1,826)	2,061,783	(515)	2,061,268
Changes in equity for 2022:												
Profit for the year		-	212,204	-	-	-	-	-	-	212,204	-	212,204
Other comprehensive income	7	-	-	-	(8,539)	(6,851)	587	-	-	(14,803)	-	(14,803)
Total comprehensive income		-	212,204	-	(8,539)	(6,851)	587	-	-	197,401	-	197,401
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		-	(35)	-	-	35	-	-	-	-	-	-
Shares issued under share option scheme	21(c)	26,799	-	-	-	-	-	(5,105)	-	21,694	-	21,694
Equity settled share-based transactions	4(c)	-	-	-	-	-	-	2,189	-	2,189	-	2,189
Acquisition of additional interest in a subsidiary		-	-	-	-	-	-	-	(515)	(515)	515	-
Dividend paid	6	-	(73,759)	-	-	-	-	-	-	(73,759)	-	(73,759)
Balance at 31 December 2022 and 1 January 2023		1,800,972	203,377	183,338	(10,884)	(10,751)	589	44,493	(2,341)	2,208,793	-	2,208,793
Changes in equity for 2023:												
Profit for the year		-	45,321	-	-	-	-	-	-	45,321	-	45,321
Other comprehensive income	7	-	-	-	(1,065)	2,837	(1,135)	-	(917)	(280)	-	(280)
Total comprehensive income		-	45,321	-	(1,065)	2,837	(1,135)	-	(917)	45,041	-	45,041
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		-	184	-	-	(184)	-	-	-	-	-	-
Shares issued under share option scheme	21(c)	4,032	-	-	-	-	-	(763)	-	3,269	-	3,269
Equity settled share-based transactions	4(c)	-	-	-	-	-	-	(1,117)	-	(1,117)	-	(1,117)
Shares repurchased and cancelled	21(d)	-	(110,638)	-	-	-	-	-	-	(110,638)	-	(110,638)
Balance at 31 December 2023		1,805,004	138,244	183,338	(11,949)	(8,098)	(546)	42,613	(3,258)	2,145,348	-	2,145,348

The notes on pages 99 to 162 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Net cash generated from operating activities	23(a)	**366,672**	554,001
Investing activities			
Payment for the purchase of other financial assets		**(92,293)**	(121,234)
Proceeds received from disposal of other financial assets		**11,763**	141,465
Proceeds received from maturity of debt securities		**68,045**	7,847
Payment for the addition to intangible assets		**(47,543)**	(43,283)
Interest received		**30,420**	16,774
Dividend and investment income received		**6,280**	6,076
Payment for the purchase of property, plant and equipment		**(196,363)**	(276,209)
Placement of time deposits		**(1,024,598)**	–
Proceeds from matured time deposits		**781,570**	–
Proceeds received from disposal of property, plant and equipment		**255**	1,236
Net cash used in investing activities		**(462,464)**	(267,328)
Financing activities			
Capital element of lease rentals paid	23(b)	**(154,223)**	(137,998)
Interest element of lease rentals paid	23(b)	**(17,771)**	(13,122)
Proceeds from shares issued under share option scheme	21(c)	**2,986**	19,886
Payment for repurchase of shares	21(d)	**(110,638)**	–
Dividend paid	6	**–**	(73,759)
Net cash used in financing activities		**(279,646)**	(204,993)
Net (decrease)/increase in cash and cash equivalents		**(375,438)**	81,680
Cash and cash equivalents at 1 January		**705,807**	624,247
Effect of foreign exchange rate changes		**196**	(120)
Cash and cash equivalents at 31 December		**330,565**	705,807

The notes on pages 99 to 162 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in other financial assets and investment properties are stated at their fair value as explained in the accounting policies set out below (see notes 1(f) and 1(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 27.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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

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

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

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published *Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong* that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. This change in accounting policy did not have any material impact on the opening balance of equity at 1 January 2022 and 2023, and the cash flows and earnings per share amounts for the years ended 31 December 2022 and 2023. It also did not have a material impact on the company-level statement of financial position as at 31 December 2022 and 2023.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(e) Group accounting

(i) Consolidation

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(k)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(f) Investments in other financial assets

The Group's policies for investments in other financial assets, other than investments in subsidiaries, are set out below:

Investments in other financial assets are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 24(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(u)(v)).

- Fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from investments in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(u)(vii).

(g) Investment property

Investment properties are land and/or buildings which are owned and held to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(u)(vi).

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Other property, plant and equipment

(i) Construction in progress

Construction in progress is carried at cost, which includes development and construction expenditure incurred and interest and direct costs attributable to the development less any accumulated impairment loss (see note 1(j)(ii)) as considered necessary by the directors. No depreciation is provided for construction in progress. On completion, the associated costs are transferred to ownership interests in leasehold land and buildings, leasehold improvements or network, computer, office and warehouse equipment.

(ii) Other property, plant and equipment

Other property, plant and equipment, comprising interests in leasehold land and buildings where the Group is the registered owner of the property interest, right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest, leasehold improvements, furniture, fixtures and fittings, network, computer, office and warehouse equipment, motor vehicles, and broadcasting and production equipment, are stated at cost less accumulated depreciation and accumulated impairment losses (see note 1(k)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold land is depreciated over the unexpired term of lease
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives of 50 years
- Other properties leased for own use are depreciated over the unexpired term of the leases
- Leasehold improvements are depreciated over the shorter of the unexpired term of the leases and their estimated useful lives

– Furniture, fixtures and fittings	4-5 years
– Network, computer, office and warehouse equipment	1.5–15 years
– Motor vehicles	4–10 years
– Broadcasting and production equipment	2–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in profit or loss.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(v)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(k)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Indefeasible right of use ("IRU") of telecommunications capacity	20 years
–	Right to use of telecommunications services	10 years
–	Retail technology solutions	4 years

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(j) Leased assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(k)(ii)), expect for the following type of the right-of-use assets:

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(g).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 1(f)(i), 1(u)(v) and 1(k)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(u)(vi).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(j)(i), then the Group classifies the sub-lease as an operating lease.

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposit and other receivables);

– debt securities measured at FVOCI (recycling); and

– lease receivables.

Other financial assets measured at fair value, including units in investment funds measured at FVPL and equity investments designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Measurement of ECLs (continued)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and lease receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount for goodwill and intangible assets that are not yet available for use is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash- generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to disposal (if measurable) or value in use (if determinable).

1 MATERIAL ACCOUNTING POLICIES (continued)

(k) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and 1(k)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the First-In-First-Out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(l) Inventories and other contract costs (continued)

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(l)(i)), property, plant and equipment (see note 1(h)) or intangible assets (see note 1(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract. Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

(m) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(n)).

(n) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(k)(i)).

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks/financial institutions and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash at banks/financial institutions and in hand and pledged bank deposit are assessed for ECLs in accordance with the policy set out in note 1(k)(i).

(p) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Talent benefits

(i) Salaries and leave entitlements

Salaries are accrued in the year in which the associated services are rendered by individuals employed by the Group (hereinafter referred to as "Talents").

Entitlements to annual leave and long service leave are recognised when they accrue to Talents, including directors of the Company. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by Talents up to the end of each reporting period. Entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

Provisions for profit sharing and bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by Talents and a reliable estimate of the obligation can be made.

(iii) Retirement benefit costs

(i) Contributions to defined contribution retirement plans

The Group contributes to mandatory provident fund scheme which is available to certain Talents. Contributions to the scheme by the Group are calculated as a percentage of Talents' basic salaries and charged to profit or loss. The Group's contributions are reduced by contributions forfeited by those Talents who leave the scheme prior to vesting fully in the contributions.

The assets of the scheme are held in an independently administered fund that is separated from the Group's assets.

1 MATERIAL ACCOUNTING POLICIES (continued)

(q) Talent benefits (continued)

(iii) Retirement benefit costs (continued)

(ii) Defined benefit plan obligations

The Group has the following defined benefit plan:

- long service payment under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that Talents have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with Talents, which are deemed to be contributions from the relevant Talents.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iv) Share-based payments

The fair value of share options granted to Talents is recognised as a Talent cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. Where the Talents have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original Talent costs qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits/accumulated losses).

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 1(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest- bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing cost (see note 1(v)).

(t) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(u) Revenue and other income recognition

Revenue is classified by the Group as revenue when it arises from the direct merchandise sales, concessionaire sales or provision of advertising or licensing of programme rights and other services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Ecommerce income primarily comprised of commission income and revenue from merchandise sales. Commission income is recognised for transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices and selecting suppliers. Commission income is recognised on a net basis which is based on a fixed percentage of the sales amount. Revenue from merchandise sales and related costs are recognised on a gross basis when the Group acts as a principal.

Commission income and revenue from merchandise sales are recognised when the customer has taken possession of and accepted the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Advertising income is recognised when the advertisements are delivered through the online platform.

(iii) Revenue for licensing of programme rights is recognised upon delivery of the programmes concerned in accordance with the terms of the contracts.

(iv) The Group offers technology solution to the customers by providing them with an access to the platform hosted by the Group during the contract period but not a contractual right to take possession of the platform-related application. Revenue from technology business is recognised over time as the customer simultaneously receives and consumes the benefits from the Group's performance of providing access to the hosted platform.

(v) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(f)(i)).

1 MATERIAL ACCOUNTING POLICIES (continued)

(u) Revenue and other income recognition (continued)

(vi) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(vii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(viii) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

1 MATERIAL ACCOUNTING POLICIES (continued)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign rates ruling at the dates of transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(z) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of Talents of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (z)(a).

(vii) A person identified in (z)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 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 2(b).

(i) Disaggregation of revenue

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

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by nature		
– Direct merchandise sales	**2,392,982**	2,425,620
– Income from concessionaire sales and other service income	**1,268,187**	1,265,444
– Multimedia advertising income and licensing of programme rights	**150,537**	131,630
– Technology business income	**-**	5,357
	3,811,706	3,828,051
Disaggregated by timing of revenue recognition		
– Point in time	**3,584,571**	3,619,126
– Over time	**227,135**	208,925
	3,811,706	3,828,051

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15, such that it does not disclose the information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the unsatisfied (or partially satisfied) contracts outstanding as at the end of the reporting period, as such unsatisfied performance obligations have an original expected duration of one year or less.

2 TURNOVER AND SEGMENT INFORMATION (continued)

(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 technologies, and operating business by adopting the technologies globally; and (2) providing technology solution to the Group's Ecommerce business segment or external customer to operate online shopping operation.

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

(i) Segment results, assets and liabilities

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

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

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

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

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

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

(Expressed in Hong Kong dollars unless otherwise indicated)

2 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 years ended 31 December 2023 and 2022 is set out below.

For the year ended 31 December	Hong Kong Ecommerce business 2023 HK$'000	Hong Kong Ecommerce business 2022 HK$'000 (restated)	New Ventures and Technology business 2023 HK$'000	New Ventures and Technology business 2022 HK$'000 (restated)	Total 2023 HK$'000	Total 2022 HK$'000 (restated)
Disaggregated by timing of revenue recognition						
Point in time	**3,571,827**	3,619,126	**12,744**	–	**3,584,571**	3,619,126
Over time	**227,135**	203,568	**-**	5,357	**227,135**	208,925
Revenue from external customers	**3,798,962**	3,822,694	**12,744**	5,357	**3,811,706**	3,828,051
Inter-segment revenue	**-**	–	**124,952**	124,874	**124,952**	124,874
Reportable segment revenue	**3,798,962**	3,822,694	**137,696**	130,231	**3,936,658**	3,952,925
Reportable segment profit/(loss) (EBITDA/(EBITDA loss))	**227,856**	343,610	**(89,408)**	(29,802)	**138,448**	313,808
Reportable segment profit/(loss) (adjusted EBITDA/(adjusted EBITDA loss))	**223,566**	335,346	**(93,394)**	(14,794)	**130,172**	320,552
Interest income	**513**	24	**12**	8	**525**	32
Write-off of receivables and other contract costs, net	**-**	(2,712)	**-**	(13,583)	**-**	(16,295)
Inter-segment finance costs	**(7,211)**	(5,385)	**-**	–	**(7,211)**	(5,385)
Depreciation and amortisation for the year (excluded depreciation on other properties leased for own use)	**(105,340)**	(109,448)	**(15,540)**	(8,808)	**(120,880)**	(118,256)
As at 31 December						
Reportable segment assets	**2,273,640**	2,267,460	**298,062**	207,707	**2,571,702**	2,475,167
Additions to non-current segment assets during the year	**268,002**	479,710	**81,684**	102,760	**349,686**	582,470
Reportable segment liabilities	**1,314,582**	1,442,867	**219,983**	85,170	**1,534,565**	1,528,037

(Expressed in Hong Kong dollars unless otherwise indicated)

2 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Revenue		
Reportable segment revenue	**3,936,658**	3,952,925
Elimination of inter-segment revenue	**(124,952)**	(124,874)
Revenue (note 2(a))	**3,811,706**	3,828,051

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000 (restated)
Profit		
Reportable segment profit (EBITDA)	**138,448**	313,808
Income tax credit	**7,352**	70,203
Interest income	**525**	32
Depreciation – on property, plant and equipment (excluded depreciation on other properties leased for own use)	**(109,862)**	(113,249)
Amortisation of intangible assets	**(11,018)**	(4,204)
Amortisation of other contract costs	**–**	(803)
Unallocated head office, corporate and other net income/(expense)	**19,876**	(53,583)
Profit for the year	**45,321**	212,204

(Expressed in Hong Kong dollars unless otherwise indicated)

2 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

(iii) Reconciliation of reportable segment assets

	31 December 2023 HK$'000	31 December 2022 HK$'000 (restated)
Reportable segment assets	**2,571,702**	2,475,167
Elimination of inter-segment receivables	**(251,885)**	(170,990)
Unallocated head office and corporate assets (included inter-segment loan and investments in financial assets)	**1,141,964**	1,315,335
Consolidated total assets	**3,461,781**	3,619,512

(iv) Reconciliation of reportable segment liabilities

	31 December 2023 HK$'000	31 December 2022 HK$'000 (restated)
Reportable segment liabilities (included inter-segment loan)	**1,534,565**	1,528,037
Elimination of inter-segment payables	**(251,885)**	(170,990)
Unallocated head office and corporate liabilities	**33,753**	53,672
Consolidated total liabilities	**1,316,433**	1,410,719

(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.

(Expressed in Hong Kong dollars unless otherwise indicated)

3 OTHER INCOME, NET

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Bank interest income	**19,846**	2,140
Dividend and investment income from other financial assets	**6,280**	6,076
Interest income from other financial assets	**16,648**	13,955
Unrealised fair value losses on units in investment funds measured at FVPL	**(772)**	(13,263)
Reversal/(provision) of expected credit losses on debt securities measured at FVOCI	**214**	(42,247)
Rentals from investment properties	**23,774**	23,774
Net exchange gain/(loss)	**4,364**	(6,018)
Government subsidies (note (i))	**21**	18,728
Gain on unwinding the discounting effect of rental deposits	**3,471**	–
Others	**16,714**	12,361
	90,560	15,506

Note:

(i) In 2022, the Group successfully applied for funding support which were mainly from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their Talents. Under the terms of the grant, the Group is required to maintain the number of subsidised headcounts during the subsidy period and to spend all the funding on paying wages to the Talents. Certain funding was received during the year ended 31 December 2023.

(Expressed in Hong Kong dollars unless otherwise indicated)

4 PROFIT BEFORE TAXATION

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

		Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
(a)	*Other operating expenses*		
	Depreciation (note 12(a))		
	– owned property, plant and equipment	**87,653**	91,577
	– right-of-use assets	**197,462**	179,728
	Advertising and marketing expenses (excluding HK$49,993,000 (2022: HK$40,511,000) being deducted in turnover)	**163,845**	108,068
	Auditor's remuneration	**3,451**	3,050
	Loss/(gain) on disposal of property, plant and equipment	**137**	(815)
	Write-down and write-off of inventories	**30,293**	20,957
	Talent costs (note 4(c))	**872,017**	842,688
	Amortisation of intangible assets (note 13)	**15,135**	12,043
	Amortisation of other contract costs – New Ventures and Technology business	**–**	803
	Total outgoings of investment properties	**1,676**	1,605
	Outsourced fulfilment expenses	**294,769**	270,597
	Payment processing charges	**92,562**	92,593
	Owned motor vehicles running expenses	**45,676**	44,762
	Software licenses and registration fee	**23,538**	26,833
	Utilities, consumables and office expenses	**59,606**	53,430
	Write-off of receivables and other contract costs, net	**–**	16,295
	Others	**91,523**	104,530
		1,979,343	1,868,744
(b)	*Finance costs*		
	Interest on lease liabilities (note 23(b))	**17,771**	13,122
	Bank charges	**694**	491
		18,465	13,613
(c)	*Talent costs*		
	Wages and salaries	**887,770**	852,896
	Retirement benefit costs – defined contribution plans (note 9)	**32,991**	31,879
	Equity-settled share-based payment expenses (note 11)	**(1,117)**	2,189
	Less: Talent costs capitalised as intangible assets and other contract costs	**(47,627)**	(44,276)
	Talent costs included in other operating expenses	**872,017**	842,688

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

5 INCOME TAX CREDIT

The provision for Hong Kong Profits Tax for the year ended 31 December 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Taxation for overseas branch of a subsidiary is calculated at 20% (2022: 20%) of the estimated assessable profits for the year. The amount of income tax credit in the consolidated income statement represents:

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Current taxation		
Hong Kong Profits Tax	**12**	222
Overseas	**1,041**	1,059
Deferred taxation		
Origination and reversal of temporary differences (note 22)	**(7,610)**	(71,125)
	(6,557)	(69,844)

Reconciliation between the Group's income tax credit and accounting profit before taxation at applicable tax rates is as follows:

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Profit before taxation	**38,764**	142,360
Notional tax on profit before taxation, calculated at the prevailing tax rates applicable to profit in the jurisdiction concerned	**7,616**	24,164
Effect of non-taxable income	**(6,733)**	(4,783)
Effect of non-deductible expenses	**1,241**	8,286
Effect of unused tax losses not recognised	**28,201**	17,724
Effect of unused tax losses not recognised in prior years now utilised	**(32,534)**	(42,950)
Effect of unused tax losses not recognised in prior years now recognised	**(4,771)**	(71,300)
Others	**423**	(985)
Income tax credit	**(6,557)**	(69,844)

(Expressed in Hong Kong dollars unless otherwise indicated)

6 DIVIDEND

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

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
No interim dividend declared and paid during the year (2022: HK8 cents per share)	–	73,759

The Board of Directors has resolved not to declare any final dividend for the year ended 31 December 2023 (31 December 2022: nil).

7 OTHER COMPREHENSIVE INCOME

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

	2023			2022		
	Before-tax amount HK$'000	Tax expense HK$'000	Net-of-tax amount HK$'000	Before-tax amount HK$'000	Tax expense HK$'000	Net-of-tax amount HK$'000
Equity instruments designated at FVOCI						
– net movement in fair value reserve (non-recycling)	2,837	–	2,837	(6,851)	–	(6,851)
Remeasurement of defined benefit plan obligations	(917)	–	(917)	–	–	–
Exchange difference on translation of financial statements of overseas subsidiaries	(1,135)	–	(1,135)	587	–	587
Debt securities measured at FVOCI						
– net movement in fair value reserve (recycling)	(1,065)	–	(1,065)	(8,539)	–	(8,539)
Other comprehensive income	(280)	–	(280)	(14,803)	–	(14,803)

(Expressed in Hong Kong dollars unless otherwise indicated)

7 OTHER COMPREHENSIVE INCOME (continued)

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

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Equity instruments designated at FVOCI – net movement in fair value reserve (non-recycling):		
– Changes in fair value recognised during the year	**2,837**	(6,851)
Debt securities measured at FVOCI – net movement in fair value reserve (recycling):		
– Changes in fair value recognised during the year	**(851)**	(50,786)
– Reclassified to profit or loss for (reversal)/provision of expected credit losses	**(214)**	42,247
	(1,065)	(8,539)

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2023 of HK$45,321,000 (31 December 2022: HK$212,204,000) and the weighted average of 917,883,000 ordinary shares (31 December 2022: 921,241,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December 2023 '000	Year ended 31 December 2022 '000
Issued ordinary shares at 1 January	**923,090**	917,007
Effect of share options exercised (note 21(c))	**657**	4,234
Effect of shares repurchased and cancelled (note 21(d))	**(5,864)**	–
Weighted average number of ordinary shares at 31 December	**917,883**	921,241

The calculation of diluted earnings per share for the year ended 31 December 2023 is based on the profit attributable to equity shareholders of the Company for the year of HK$45,321,000 (31 December 2022: HK$212,204,000) and the weighted average number of ordinary shares of 935,322,000 (31 December 2022: 947,786,000), after adjusting for the effect of dilutive potential ordinary shares under share option scheme during the year.

(Expressed in Hong Kong dollars unless otherwise indicated)

8 EARNINGS PER SHARE (continued)

Weighted average number of ordinary shares (diluted)

	Year ended 31 December 2023 '000	Year ended 31 December 2022 '000
Weighted average number of ordinary shares at 31 December	**917,883**	921,241
Effect of deemed issue of shares under the Company's share option scheme (note 11)	**17,439**	26,545
Weighted average number of ordinary shares (diluted) at 31 December	**935,322**	947,786

9 RETIREMENT BENEFIT COSTS

A mandatory provident fund scheme (the "MPF Scheme") has been established under the Hong Kong Mandatory Provident Fund Scheme Ordinance in December 2000 and the prevailing Talents of the Group in Hong Kong could elect to join the MPF Scheme, while all new Talents joining the Group in Hong Kong from then onwards are required to join the MPF Scheme. Both the Group and the Talents are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,500 per month, as a mandatory contribution. Employer's mandatory contributions are 100% vested in the Talents as soon as they are paid to the MPF Scheme, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. Senior Talents may also elect to join a Mutual Voluntary Plan (the "Mutual Plan") in which both the Group and the Talents, on top of the MPF Scheme mandatory contributions, make a voluntary contribution to the extent that the Talents would contribute 5% of their monthly salaries, while the Group would contribute 10% of the Talents' monthly salaries.

The aggregate employer's contributions which have been dealt with in the consolidated income statement during the year are as follows:

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000
Gross contributions	**32,991**	31,879

(Expressed in Hong Kong dollars unless otherwise indicated)

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2023:

	Directors' fee HK$'000	Salaries, service fee, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Chairman						
Cheung Chi Kin, Paul (note (i))	–	3,003	5,000	–	216	8,219
Vice Chairman						
Wong Wai Kay, Ricky (note (ii))	–	11,911	15,000	–	18	26,929
Executive directors						
Wong Nga Lai, Alice	–	2,942	3,500	–	285	6,727
Lau Chi Kong	–	2,635	3,000	–	243	5,878
Zhou Huijing	–	6,909	1,075	–	550	8,534
Independent non-executive directors						
Lee Hon Ying, John	294	–	–	–	–	294
Peh Jefferson Tun Lu	276	–	–	–	–	276
Mak Wing Sum, Alvin	276	–	–	–	–	276
Total	846	27,400	27,575	–	1,312	57,133

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2022:

	Directors' fee HK$'000	Salaries, service fee, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Chairman						
Cheung Chi Kin, Paul	–	2,607	5,000	–	216	7,823
Vice Chairman						
Wong Wai Kay, Ricky	–	11,056	15,000	–	18	26,074
Executive directors						
Wong Nga Lai, Alice	–	2,514	3,500	221	240	6,475
Lau Chi Kong	–	2,988	2,500	221	196	5,905
Zhou Huijing	–	10,166	–	221	240	10,627
Independent non-executive directors						
Lee Hon Ying, John	285	–	–	–	–	285
Peh Jefferson Tun Lu	267	–	–	–	–	267
Mak Wing Sum, Alvin	267	–	–	–	–	267
Total	819	29,331	26,000	663	910	57,723

Notes:

(i) For the year ended 31 December 2023, the Group has been providing accommodations to a director for the exclusive right to use and occupy a property leased by the Group at no charge. The monetary value of such benefit in kind is approximately HK$420,000 (31 December 2022: HK$97,000).

(ii) For the year ended 31 December 2023, the Group has been providing accommodation to a director for the exclusive right to use and occupy a property owned by the Group at no charge. The estimated monetary value of such benefit in kind is approximately HK$1,560,000 (31 December 2022: HK$1,040,000).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five directors whose emoluments are reflected in the analysis presented above.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 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.

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 2023 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.

On 31 March 2021, the Company granted a total of 1,200,000 share options at exercise price of HK$12.788 per share to eligible Talents to subscribe for ordinary shares of the Company under the 2012 Share Option Scheme when certain performance targets are achieved. Such options were granted a 10-year term from the date of grant and the vesting date is as follows:

(i) if the performance target is achieved within 12 months from 31 March 2022, 600,000 share options will vest on 31 March 2022 and 600,000 share options will vest on 31 March 2023;

(ii) if the performance target is achieved within the period between 12 to 24 months from 31 March 2022, 600,000 share options will vest on the date when the performance target is achieved and 600,000 share options will vest on the date falling 12 months immediately after the last vesting date;

(iii) if the performance target is achieved within the period between 24 to 36 months from 31 March 2021, 1,200,000 share options will vest on the date when the performance target is achieved.

No share options are granted during the year ended 31 December 2023 and 2022.

In determining the value of the share options granted during the year ended 31 December 2021, the Black-Scholes option pricing model (the "Black-Scholes Model") had been used. The Black-Scholes Model is one of the most generally accepted methodologies used to calculate the value of options. The variables of the Black-Scholes Model include expected life of the options, risk-free interest rate, expected volatility and expected dividend yield of the shares of the Company.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

In determining the value of the share options granted during the year ended 31 December 2021, the following variables had been applied to the Black-Scholes Model:

Measurement date	31 March 2021
Variables	
– Expected life	1–2 years
– Risk-free interest rate	0.26%
– Expected volatility	67.76%
– Expected dividend yield	–

The above variables were determined as follows:

(i) The expected life is estimated to be 1 year to 2 years after the end of the respective vesting period.

(ii) The risk-free interest rate represents the yield of the Hong Kong Government Bonds corresponding to the expected life of the option as at the measurement date.

(iii) The expected volatility represents the annualised standard deviation of the return on the daily share price of the Company over the period commensurate to the expected life of the options (taking into account the remaining contractual life of the option and the effect of the expected early exercise of the option).

The fair value of the options granted during the year ended 31 December 2021 was estimated as below:

Date of grant	31 March 2021
Weighted average fair value per share option	$3.42

The Group recognises the fair value of share options as an expense in the income statement over the vesting period, or as an asset, if the cost qualifies for recognition as an asset. The fair value of the share options is measured at the date of grant.

The Black-Scholes Model applied for the determination of the estimated value of the options granted under 2012 Share Option Scheme requires input of highly subjective assumptions, including the expected stock volatility. As the Company's share options have characteristics significantly different from those of traded options, changes in subjective inputs may materially affect the estimated fair value of the options granted.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

Total net reversal of equity-settled share-based payment expenses amounted to HK$1,117,000 (31 December 2022: expenses of HK$2,189,000), among which reversal of HK$1,207,000 (31 December 2022: expenses of HK$1,146,000) was recognised in the consolidated income statement, HK$90,000 (31 December 2022: HK$1,043,000) was capitalised as intangible assets and other contract costs, with the offset in capital reserve, for the years ended 31 December 2023 and 2022. Particulars and movements of share options during the years ended 31 December 2023 and 2022 were as follows:

	Year ended 31 December 2023		Year ended 31 December 2022	
	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 year	**2.80**	**44,451,400**	2.86	50,606,900
Exercised during the year	**3.30**	**(904,788)**	3.27	(6,083,050)
Forfeited during the year	**11.48**	**(464,850)**	3.42	(72,450)
Outstanding at the end of the year	**2.70**	**43,081,762**	2.80	44,451,400
Exercisable at the end of year	**2.70**	**43,081,762**	2.52	43,251,400

The weighted average closing share price immediately before the dates on which the options were exercised was HK$5.11 (2022: HK$6.94).

The options outstanding at 31 December 2023 had exercise prices ranging from HK$1.45 to HK$12.79 (2022: ranging from HK$1.45 to HK$12.79) and a weighted average remaining contractual life of 4.5 years (31 December 2022: 5.5 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Construction in progress HK$'000	Investment properties HK$'000	Ownership interests in leasehold land and buildings HK$'000	Other properties leased for own use HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and fittings HK$'000	Network, computer, office and warehouse equipment HK$'000	Motor vehicles HK$'000	Broadcasting and production equipment HK$'000	Total HK$'000
Cost and valuation:										
At 1 January 2023	52,049	279,850	931,842	1,018,738	166,812	12,613	383,375	143,453	78,510	3,067,242
Additions	119,873	-	-	45,275	14,744	243	104,933	19,037	-	304,105
Lease modification	-	-	-	(23,030)	-	-	-	-	-	(23,030)
Disposals	-	-	-	-	(5,720)	(12)	(2,359)	(1,412)	(73)	(9,576)
Fair value adjustment	-	(600)	-	-	-	-	-	-	-	(600)
Exchange difference	-	-	-	19	16	20	1,860	-	-	1,915
At 31 December 2023	171,922	279,250	931,842	1,041,002	175,852	12,864	487,809	161,078	78,437	3,340,056
Representing:										
Cost	171,922	-	931,842	1,041,002	175,852	12,864	487,809	161,078	78,437	3,060,806
Valuation - 2023	-	279,250	-	-	-	-	-	-	-	279,250
	171,922	279,250	931,842	1,041,002	175,852	12,864	487,809	161,078	78,437	3,340,056
Accumulated depreciation and impairment losses:										
At 1 January 2023	-	-	173,572	424,190	75,033	10,773	246,174	92,219	73,730	1,095,691
Charge for the year	-	-	31,844	165,618	26,325	879	44,431	15,954	64	285,115
Written back on disposals	-	-	-	-	(5,720)	(11)	(1,984)	(1,396)	(73)	(9,184)
Lease modification	-	-	-	(1,707)	-	-	-	-	-	(1,707)
Exchange difference	-	-	-	-	15	5	32	4	-	56
At 31 December 2023	-	-	205,416	588,101	95,653	11,646	288,653	106,781	73,721	1,369,971
Net book value:										
At 31 December 2023	171,922	279,250	726,426	452,901	80,199	1,218	199,156	54,297	4,716	1,970,085

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

	Construction in progress	Investment properties	Ownership interests in leasehold land and buildings	Other properties leased for own use	Leasehold improvements	Furniture, fixtures and fittings	Network, computer, office and warehouse equipment	Motor vehicles	Broadcasting and production equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost and valuation:										
At 1 January 2022	5,232	279,200	798,394	788,065	118,157	11,867	372,321	136,431	83,386	2,593,053
Additions	46,817	-	133,448	274,800	53,744	746	16,020	9,604	46	535,225
Lease modification	-	-	-	(44,127)	-	-	-	-	-	(44,127)
Disposals	-	-	-	-	(4,917)	-	(4,716)	(2,582)	(4,922)	(17,137)
Fair value adjustment	-	650	-	-	-	-	-	-	-	650
Exchange difference	-	-	-	-	(172)	-	(250)	-	-	(422)
At 31 December 2022	52,049	279,850	931,842	1,018,738	166,812	12,613	383,375	143,453	78,510	3,067,242
Representing:										
Cost	52,049	-	931,842	1,018,738	166,812	12,613	383,375	143,453	78,510	2,787,392
Valuation - 2022	-	279,850	-	-	-	-	-	-	-	279,850
	52,049	279,850	931,842	1,018,738	166,812	12,613	383,375	143,453	78,510	3,067,242
Accumulated depreciation and impairment losses:										
At 1 January 2022	-	-	142,987	275,047	55,012	9,917	204,890	75,409	77,988	841,250
Charge for the year	-	-	30,585	149,143	25,018	857	45,668	19,392	642	271,305
Written back on disposals	-	-	-	-	(4,917)	-	(4,317)	(2,582)	(4,900)	(16,716)
Exchange difference	-	-	-	-	(80)	(1)	(67)	-	-	(148)
At 31 December 2022	-	-	173,572	424,190	75,033	10,773	246,174	92,219	73,730	1,095,691
Net book value:										
At 31 December 2022	52,049	279,850	758,270	594,548	91,779	1,840	137,201	51,234	4,780	1,971,551

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value 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 value 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 value measured using significant unobservable inputs

	Fair value measurements categorised into			
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements				
Investment properties:				
– 31 December 2023	**279,250**	**–**	**279,250**	**–**
– 31 December 2022	**279,850**	**–**	**279,850**	**–**

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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.

All of the Group's investment properties were revalued as at 31 December 2023 and 2022. The valuations were carried out by an independent firm of surveyors, CBRE Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment properties located in Hong Kong is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available.

Fair value adjustment of investment properties is recognised in the line item "valuation (losses)/gains on investment properties" on the face of the consolidated income statement.

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost, with remaining lease term between 10 and 30 years	(i)	**726,426**	758,270
Other properties leased for own use, carried at depreciated cost	(ii)	**452,901**	594,548
		1,179,327	1,352,818
Ownership interests in leasehold investment properties, carried at fair value, with remaining lease term between 10 and 30 years		**279,250**	279,850
		1,458,577	1,632,668

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**31,844**	30,585
Other properties leased for own use	**165,618**	149,143
	197,462	179,728
Interest on lease liabilities (note 4(b))	**17,771**	13,122
Variable lease payments not included in the measurement of lease liabilities	**11**	–
Expense relating to short-term leases	**2,325**	2,403
Gain on lease modification	**-**	(3,631)

During the year, additions to right-of-use assets were HK$45,275,000 (2022: HK$274,800,000) primarily related to the capitalised lease payments payable under new or renewed tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 23(c) and 24(b), respectively.

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Right-of-use assets (continued)

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds certain buildings as the multimedia production centre and fulfilment centres for its Ecommerce business and as the Group's headquarters. Lump sum payments were made upfront to acquire the right to use of these buildings, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its fulfilment centres and retail stores through tenancy agreements. The leases typically run for an initial period of 15 months to 3 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. All potential future lease payments during the extension periods are recognised and included in lease liabilities.

During the years ended 31 December 2023 and 2022, the Group leased a number of retail stores which 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 rental agreements and minimum annual lease payment terms that are fixed. There are variable lease payment of HK$11,000 during the year ended 31 December 2023 (2022: nil).

At 31 December 2023, it is estimated that an increase in turnover generated from these retail stores by 5% would have increased the lease payments by HK$2,000 (2022: HK$14,000).

(d) Investment properties

The Group leases out investment properties under operating lease. The lease typically runs for an initial period of 10 years (year ended 31 December 2022: 10 years). None of the lease includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Leases in respect of investment properties which are receivable:		
Within 1 year	**25,734**	23,652
After 1 year but within 2 years	**27,999**	25,734
After 2 years but within 3 years	**30,463**	27,999
After 3 years but within 4 years	**33,143**	30,463
After 4 years but within 5 years	**17,270**	33,143
After 5 years	**–**	17,270
	134,609	158,261

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Further particulars of the Group's investment properties interest at 31 December 2023 are as follows:

Location	Use	Lease term	Attributable interest of the Group
12/F, 14/F and 16/F, Trans Asia Centre, No. 18 Kin Hong Street, Kwai Chung, New Territories	Leasing for rental income	Medium-term lease	100%
Lorry Parking Space No. L13 on 1/F, Mita Centre, Nos. 552-566 Castle Peak Road, Kwai Chung, New Territories	Leasing for rental income	Medium-term lease	100%

13 INTANGIBLE ASSETS

	IRU of the tele-communications capacity HK$'000	Right to use of tele-communications services HK$'000	Retail technology solutions HK$'000	Under development retail technology solutions HK$'000	Total HK$'000
Cost:					
At 1 January 2023	226,700	90,243	27,490	42,121	386,554
Additions	–	–	–	47,633	47,633
Transfer	–	–	62,727	(62,727)	–
Written off	–	–	–	(481)	(481)
At 31 December 2023	226,700	90,243	90,217	26,546	433,706
Accumulated amortisation and impairment losses:					
At 1 January 2023	187,965	90,243	5,137	–	283,345
Charge for the year	4,116	–	11,019	–	15,135
At 31 December 2023	192,081	90,243	16,156	–	298,480
Net book value:					
At 31 December 2023	34,619	–	74,061	26,546	135,226

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INTANGIBLE ASSETS (continued)

	IRU of the tele-communications capacity HK$'000	Right to use of tele-communications services HK$'000	Retail technology solutions HK$'000	Under development retail technology solutions HK$'000	Total HK$'000
Cost:					
At 1 January 2022	226,700	90,243	8,029	17,700	342,672
Additions	–	–	–	44,326	44,326
Transfer	–	–	19,825	(19,825)	–
Written off	–	–	(364)	(80)	(444)
At 31 December 2022	226,700	90,243	27,490	42,121	386,554
Accumulated amortisation and impairment losses:					
At 1 January 2022	183,849	86,548	932	–	271,329
Charge for the year	4,116	3,695	4,232	–	12,043
Written off	–	–	(27)	–	(27)
At 31 December 2022	187,965	90,243	5,137	–	283,345
Net book value:					
At 31 December 2022	38,735	–	22,353	42,121	103,209

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, right to use of the telecommunications services from the former subsidiary for a term of 10 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 and right to use of telecommunications services 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 for the year is included in "other operating expenses" in the consolidated income statement.

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2023.

Name of company	Place of incorporation	Principal activities and place of operations	Particulars of issued share capital	Percentage of interest held
Ambition Link Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US$1	*100
Easy Trade Ventures Limited	British Virgin Islands	Software design services	Ordinary US$1	100
Forward Excel Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US$1	*100
HKTV eCommerce Fulfilment Company Limited	Hong Kong	Provision of warehouse management and fulfilment services	Ordinary HK$1	100
Hong Kong Media Production Company Limited	Hong Kong	Provision of multimedia production and distribution services in Hong Kong	Ordinary HK$10,000	100
Hong Kong TV Logistics Network Company Limited	Hong Kong	Provision of logistic and delivery services	Ordinary HK$1	100
Hong Kong TV Shopping Network Company Limited	Hong Kong	Ecommerce business in Hong Kong	Ordinary HK$1	100
Offbeat Technology Hong Kong Limited	Hong Kong	Ecommerce business	Ordinary HK$100	100
Scenic Grace Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US$1	*100
Shoalter Automation (UK) Limited	United Kingdom	Provision of automated retail store business in UK	Ordinary £1	100
Shoalter Automation Limited	British Virgin Islands	Research and development activities on automated retail store and system	Ordinary US1	100
Shoalter Technology Limited	Hong Kong	Provision of retail technology solution	Ordinary HK$100	100

* Shares held directly by the Company.

15 INVENTORIES AND OTHER CONTRACT COSTS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Inventories	**138,841**	142,526
Other contract costs	**1,577**	2,265
	140,418	144,791

(a) Inventories

The inventories are mainly merchandise purchased for the Group's online shopping mall operation.

(b) Contract costs

Contract costs capitalised as at 31 December 2023 and 2022 relate to commission incurred for unearned revenue. Contract costs are recognised as part of "Other operating expenses" in the consolidated income statement in the period in which revenue is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$2,265,000 (2022: HK$5,316,000). No impairment (2022: impairment of HK$9,912,000) in relation to the costs capitalised during the current and prior years.

No capitalised contract costs that is expected to be recovered or recognised as expense after more than one year as at 31 December 2023 (2022: HK$nil).

16 OTHER FINANCIAL ASSETS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Equity instruments designated at FVOCI (non-recycling)		
– Equity securities	**22,930**	21,620
– Perpetual bonds	**64,492**	59,480
	87,422	81,100
Debt securities measured at FVOCI (recycling)		
– Maturity dates within 1 year	**160,712**	51,742
– Maturity dates over 1 year	**65,356**	162,790
	226,068	214,532
Units in investment funds measured at FVPL	**48,282**	48,901
	361,772	344,533
Representing		
– Non-current portion	**201,060**	292,791
– Current portion	**160,712**	51,742
	361,772	344,533

(Expressed in Hong Kong dollars unless otherwise indicated)

16 OTHER FINANCIAL ASSETS (continued)

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

Note: The equity instruments designated at FVOCI (non-recycling) mainly include the listed equity securities and perpetual bonds of companies engage in banking and finance industry of HK$24,831,000 (2022: HK$31,331,000), property development industry of HK$3,600,000 (2022: HK$4,138,000) and other industries of HK$58,991,000 (2022: HK$45,631,000), which are individually insignificant. The Group designated these investments as equity instruments at FVOCI (non-recycling), as management intended to hold them for medium to long-term purpose.

During the year, the Group's investments in perpetual bonds with fair value of HK$11,579,000 (2022: HK$7,882,000) were sold with realised loss of HK$184,000 (2022: HK$35,000). The loss, which had already been included in fair value reserve (non-recycling), has been transferred to retained profits.

At 31 December 2023, the Group had uncommitted banking facilities of HK$1,016,613,000 (31 December 2022: HK$979,695,000). As at 31 December 2023, the Group had utilised facilities of HK$26,409,000 (31 December 2022: nil). These banking facilities were secured by the Group's other financial assets of HK$284,335,000 (31 December 2022: HK$344,533,000) as at 31 December 2023. 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. Further details of the Group's management of liquidity risk are set out in note 24(b). As at 31 December 2023 and 2022, none of the covenants had been breached.

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments consist of rental deposits, interest receivables, prepayments and other receivables. All of the balances are expected to be recovered within one year.

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2023 and 2022 represented cash at banks/financial institutions and in hand, and time deposits within three months of maturity at acquisition, if any.

At 31 December 2023, the Group's uncommitted banking facilities of HK$1,016,613,000 (31 December 2022: HK$979,695,000) (see note 16) were also secured by the Group's bank balances of HK$119,657,000 (31 December 2022: HK$80,311,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

19 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	31 December 2023 HK$'000	31 December 2022 HK$'000
Accounts payable (note (a))	**382,760**	354,627
Contract liabilities (note (b))	**259,392**	245,797
Other payables and accrued charges (note (c))	**187,534**	197,868
	446,926	443,665
	829,686	798,292
Non-current other payables and accrued charges (note (c))	**6,479**	–
	836,165	798,292

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

	31 December 2023 HK$'000	31 December 2022 HK$'000
Current–30 days	**369,977**	340,717
31–60 days	**2,926**	6,045
61–90 days	**1,147**	2,170
Over 90 days	**8,710**	5,695
	382,760	354,627

(b) Contract liabilities

Contract liabilities mainly represent prepayments received from customers upon order placement. Balance of HK$245,797,000 as at 1 January 2023 (1 January 2022: HK$237,501,000) was recognised as revenue during the year when the customers have taken possession of and accepted the products.

Contract liabilities of HK$259,392,000 were recognised as at 31 December 2023 (2022: HK$245,797,000) as a result of the receipt of payments during the year in advance of satisfaction of performance obligation, and are expected to be recognised as revenue within one year.

(c) 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.

20 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were payable as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**151,351**	164,098
After 1 year but within 2 years	**94,097**	130,902
After 2 years but within 5 years	**182,940**	220,489
After 5 years	**44,411**	89,004
	321,448	440,395
	472,799	604,493

21 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Note	Share capital HK$'000	Retained profits HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Total HK$'000
Balance on 1 January 2022		1,774,173	1,772,803	(2,345)	(3,935)	47,409	–	3,588,105
Changes in equity for 2022:								
Loss for the year		–	(54,999)	–	–	–	–	(54,999)
Other comprehensive income		–	–	(8,539)	(6,851)	–	–	(15,390)
Total comprehensive income for the year		–	(54,999)	(8,539)	(6,851)	–	–	(70,389)
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		–	(35)	–	35	–	–	–
Shares issued under share option scheme	21(c)	26,799	–	–	–	(5,105)	–	21,694
Equity settled share-based transactions	4(c)	–	–	–	–	2,189	–	2,189
Dividend paid	6	–	(73,759)	–	–	–	–	(73,759)
Balance at 31 December 2022 and 1 January 2023		1,800,972	1,644,010	(10,884)	(10,751)	44,493	–	3,467,840
Changes in equity for 2023:								
Profit for the year		–	35,519	–	–	–	–	35,519
Other comprehensive income		–	–	(1,065)	2,837	–	(135)	1,637
Total comprehensive income for the year		–	35,519	(1,065)	2,837	–	(135)	37,156
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits	–	–	184	–	(184)	–	–	–
Shares issued under share option scheme	21(c)	4,032	–	–	–	(763)	–	3,269
Equity settled share-based transactions	4(c)	–	–	–	–	(1,117)	–	(1,117)
Shares repurchased and cancelled	21(d)	–	(110,638)	–	–	–	–	(110,638)
Balance at 31 December 2023		1,805,004	1,569,075	(11,949)	(8,098)	42,613	(135)	3,396,510

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (continued)

(b) Issued share capital

	2023 No. of shares	2023 Amount HK$'000	2022 No. of shares	2022 Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**923,089,993**	**1,800,972**	917,006,943	1,774,173
Shares issued under share option scheme (note 21(c))	**904,788**	**4,032**	6,083,050	26,799
Shares repurchased and cancelled (note 21(d))	**(35,449,000)**	**-**	-	-
At 31 December	**888,545,781**	**1,805,004**	923,089,993	1,800,972

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Shares issued under share option scheme

During the year ended 31 December 2023, 904,788 (31 December 2022: 6,083,050) ordinary shares were issued at weighted average exercise price of HK$3.30 (31 December 2022: HK$3.27) per ordinary share to share option holders who had exercised their options with an aggregate consideration of HK$2,986,000 (31 December 2022: HK$19,885,000) of which HK$3,749,000 (31 December 2022: HK$24,990,000) was credited to share capital and the balance of HK$763,000 (31 December 2022: HK$5,105,000) was debited to the capital reserve.

(d) 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.

(e) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for use in note 1(h)(ii).

(f) Fair value reserve (recycling)

The fair value reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 1(f)).

21 CAPITAL AND RESERVES (continued)

(g) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(f)).

(h) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

(i) Capital reserve

The capital reserve comprises the portion of the grant date fair value of unexercised share options granted to Talents and directors of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(q)(iv).

(j) Other reserve

The other reserve comprises the remeasurement of defined benefit plan obligations and adjustments for acquisition of additional interests in subsidiaries in prior years. The reserve is dealt with in accordance with the accounting policies set out in notes 1(q)(iii) and 1(e)(i).

(k) Capital management

The Group's primary objectives when managing capital are to maintain a reasonable capital structure, safeguard the Group's ability to continue as a going concern, and to provide returns for shareholders.

The Group manages the amount of capital in proportion to risk, and makes adjustments to its capital structure through the amount of dividend payment to shareholders, issuance of scrip and new shares, and managing its debt portfolio in conjunction with cash flow requirements, taking into account its future financial obligations and commitments.

The Group monitors its capital structure by reviewing its net debt-to-net asset gearing ratio. For this purpose, the Group defines net debt as total borrowing less cash and cash equivalents, but excluded pledged bank deposit.

The net debt-to-net asset gearing ratio as at 31 December 2023 and 2022 are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Net cash	**573,593**	705,807
Net assets	**2,145,348**	2,208,793
Net debt-to-net asset gearing ratio (times)	**N/A**	N/A

Neither the Company nor any of its subsidiaries are currently subject to externally imposed capital requirements.

22 DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowances in excess of depreciation HK$'000	Tax losses carried forward HK$'000	Total HK$'000
At 1 January 2022	(45,716)	54,277	8,561
Credited to consolidated income statement	(3,964)	75,089	71,125
At 31 December 2022	(49,680)	129,366	79,686
At 1 January 2023	(49,680)	129,366	79,686
(Debited)/credited to consolidated income statement	(1,592)	9,202	7,610
At 31 December 2023	(51,272)	138,568	87,296

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2023 HK$'000	31 December 2022 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,709)**	(1,566)
Net deferred tax assets recognised in the consolidated statement of financial position	**89,005**	81,252
	87,296	79,686

(b) Deferred tax assets not recognised

As at 31 December 2023, the Group did not recognise deferred tax assets in respect of unused tax losses of HK$1,563,732,000 (31 December 2022: HK$1,585,533,000) as it is not certain that future taxable profits against which the losses could be utilised would be available in the relevant tax jurisdictions and entity. The tax losses do not expire under the current tax legislation.

(Expressed in Hong Kong dollars unless otherwise indicated)

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to cash used in operating activities:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Profit before taxation	**38,764**	142,360
Adjustments for:		
Depreciation of property, plant and equipment	**285,115**	271,305
Bank interest income	**(19,846)**	(2,140)
(Reversal)/provision of equity settled share-based payment expenses	**(1,207)**	1,146
Interest income from other financial assets	**(16,648)**	(13,955)
Dividend and investment income from other financial assets	**(6,280)**	(6,076)
Unrealised fair value losses on units in investment funds measured at FVPL	**772**	13,263
Provision/(reversal) of expected credit losses on debt securities measured at FVOCI	**(214)**	42,247
Provision of expected credit losses on interest receivable	**–**	1,600
Loss/(gain) on disposal of property, plant and equipment	**137**	(815)
Valuation losses/(gains) on investment properties	**600**	(650)
Amortisation of intangible assets	**15,135**	12,043
Amortisation of other contract costs	**–**	803
Interest expenses on lease liabilities	**17,771**	13,122
Write-down and write-off of inventories	**30,293**	20,957
Write-off of receivables and other contract costs, net	**–**	16,295
Exchange (gain)/loss, net	**(4,244)**	274
Gain on unwinding the discounting effect of rental deposits	**(3,471)**	–
Gain on lease modification	**–**	(3,631)
Cash generated before working capital changes	**336,677**	508,148
Changes in working capital:		
Decrease/(increase) in other receivables, deposits and prepayments	**41,357**	(40,345)
Increase in inventories	**(26,041)**	(42,335)
Increase in accounts payable, other payables and accrued charges and deposits received	**17,123**	131,586
Cash generated from operations	**369,116**	557,054
Tax paid	**(2,444)**	(3,053)
Net cash generated from operating activities	**366,672**	554,001

(Expressed in Hong Kong dollars unless otherwise indicated)

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities HK$'000 (Note 20)
At 1 January 2022	522,030
Changes from financing cash flows:	
Capital element of lease rentals paid	(137,998)
Interest element of lease rentals paid	(13,122)
Total changes from financing cash flows	(151,120)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	268,663
Lease modification	(47,758)
Interest expenses (note 4(b))	13,122
Exchange difference	(444)
Total other changes	233,583
At 31 December 2022 and 1 January 2023	604,493
Changes from financing cash flows:	
Capital element of lease rentals paid	(154,223)
Interest element of lease rentals paid	(17,771)
Total changes from financing cash flows	(171,994)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	43,895
Lease modification	(21,323)
Interest expenses (note 4(b))	17,771
Exchange difference	(43)
Total other changes	40,300
At 31 December 2023	472,799

(Expressed in Hong Kong dollars unless otherwise indicated)

23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Within operating cash flows	**2,325**	2,403
Within investing cash flows	**–**	–
Within financing cash flows	**171,994**	151,120
	174,319	153,523

These amounts relate to the following:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Lease rentals paid	**174,319**	153,523
	174,319	153,523

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to other receivables, cash at banks/financial institutions and debt securities measured at FVOCI. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

No significant credit risk was identified for Ecommerce business as receipts in advance are required before the relevant goods are delivered.

Debt securities measured at FVOCI and cash are invested or placed with counterparties and financial institutions with sound credit quality. To mitigate the risk of non-recovery of investments in debt securities and their related concentration risk, the Group maintains portfolio which comprises mainly of investment grade products, constituents of defined world indices and instruments issued by state owned or controlled enterprises. The Group closely monitors the credit quality and financial positions of counterparties and considers appropriate action if the market value of the securities declines by a predetermined threshold. As at 31 December 2023 and 2022, there was no significant concentration risk, as the portfolio of the Group's debt securities measured at FVOCI was diversified and comprised of a number of counterparties and no individual counterparty accounted for more than 10% of the portfolio. All deposits were placed with financial institutions with credit rating of investment grade.

At 31 December 2023 and 2022, the Group does not provide any financial guarantees which expose the Group to credit risk. The Group measures loss allowance for debt securities measured at FVOCI at an amount equal to 12-month ECL. Movements in the loss allowance in respect of debt securities measured at FVOCI during the year are as follows:

	2023 HK$'000	2022 HK$'000
Balance at 1 January	**48,181**	5,934
(Reversal)/provision of expected credit losses recognised during the year	**(214)**	42,247
Balance at 31 December	**47,967**	48,181

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(b) Liquidity risk

The Group has a cash management policy, which includes investment of cash surpluses and the raising of loans and other borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient free cash and readily realisable marketable securities and credit facilities from major financial institutions to meet its liquidity requirements in the short and long term.

The Group determines that there is no significant liquidity risk in view of our adequate funds and unutilised banking facilities.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.

	31 December 2023					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total Contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Current liabilities						
Accounts payable	**382,760**	**–**	**–**	**–**	**382,760**	**382,760**
Other payables and accrued charges	**187,534**	**6,479**	**–**	**–**	**194,013**	**194,013**
Deposits received	**5,757**	**–**	**–**	**–**	**5,757**	**5,757**
Lease liabilities	**155,518**	**101,924**	**218,460**	**57,230**	**533,132**	**472,799**
	731,569	**108,403**	**218,460**	**57,230**	**1,115,662**	**1,055,329**

	31 December 2022					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total Contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Current liabilities						
Accounts payable	354,627	–	–	–	354,627	354,627
Other payables and accrued charges	197,868	–	–	–	197,868	197,868
Deposits received	5,757	–	–	–	5,757	5,757
Lease liabilities	166,759	136,725	242,760	109,379	655,623	604,493
	725,011	136,725	242,760	109,379	1,213,875	1,162,745

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from time deposits, debt securities measured at FVOCI, perpetual bonds designated at FVOCI, units in investment funds measured at FVPL and lease liabilities. Financial instruments with fixed and variable interest rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group actively manages debt securities measured at FVOCI, perpetual bonds designated at FVOCI and units in investment funds measured at FVPL by comparing investment yields and quotations from the market, with a view to select terms which are most favourable to the Group.

Interest-bearing financial instruments of the Group were as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Fixed rate and variable rate instruments		
– Other financial assets:		
Debt securities measured at FVOCI	**226,068**	214,532
Perpetual bonds designated at FVOCI	**64,492**	59,480
Units in investment funds measured at FVPL	**34,134**	34,370
– Time deposits	**243,028**	–
Fixed rate borrowing		
– Lease liabilities	**(472,799)**	(604,493)
	94,923	(296,111)

Sensitivity analysis for fixed rate and variable rate instruments

The Group determines that there is no significant interest rate risk as the majority of the Group's interest-bearing instruments are at fixed rate.

The Group accounts for the lease liabilities at amortised cost, therefore a change in interest rates at the end of the reporting period would not affect profit or loss and equity.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk

The Group is exposed to currency risk, due to the fluctuations among the Hong Kong dollars ("HKD"), the Renminbi ("RMB"), Euro ("EUR"), New Taiwan dollar ("TWD") and Great British Pound ("GBP") arising from its investments in other financial assets and cash and cash equivalents. In order to limit this currency risk, the Group closely monitors its exposure to RMB, EUR, TWD and GBP to an acceptable level by buying or selling RMB, EUR, TWD and GBP at spot rates where necessary.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date.

	Exposure to foreign currencies (expressed in HKD)									
	31 December 2023					31 December 2022				
	USD	RMB	EUR	TWD	GBP	USD	RMB	EUR	TWD	GBP
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Time deposits	243,028	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	177,805	363	584	8,205	46,740	381,861	947	2,823	10,905	3,144
Other financial assets:										
- Debt securities measured at FVOCI	167,100	-	-	-	-	165,358	-	-	-	-
- Units in investment funds measured at FVPL	45,069	-	-	-	-	45,160	-	-	-	-
- Perpetual bonds designated at FVOCI	64,492	-	-	-	-	59,480	-	-	-	-
	697,494	363	584	8,205	46,740	651,859	947	2,823	10,905	3,144

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/(loss) for the year and other components of consolidated equity that would arises if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the United States dollars ("USD") would be materially unaffected by any changes in movement in value of the USD against other currencies. Other components of consolidated equity would not be affected by the changes in the foreign exchange rates.

	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year HK$'000
31 December 2023		
RMB	10%	36
	(10)%	(36)
EUR	10%	58
	(10)%	(58)
TWD	10%	821
	(10)%	(821)
GBP	10%	4,674
	(10)%	(4,674)

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year HK$'000
31 December 2022		
RMB	10%	95
	(10%)	(95)
EUR	10%	282
	(10%)	(282)
TWD	10%	1,091
	(10%)	(1,091)
GBP	10%	314
	(10%)	(314)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those assets or liabilities denominated in foreign currency held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis as at 31 December 2022.

(e) Equity price risk

The Group is exposed to equity price changes arising from units in investment funds measured at FVPL and equity securities designated at FVOCI.

Units in investment funds measured at FVPL and equity securities designated at FVOCI portfolio have been chosen based on their long term growth potential and returns and are monitored regularly for performance against expectations. The Group accounts for units in investment funds and equity securities with any change in fair value recognised in profit or loss or other comprehensive income, and accumulated in retained profits/accumulated losses or other components of consolidated equity. With other variable held constant, an increase or decrease of 20% (2022: 20%) in market value of the Group's units in investment funds measured at FVPL and equity securities designated at FVOCI at the end of the reporting period would have increased or decreased equity by HK$7,416,000 (31 December 2022: HK$7,230,000). Any increase or decrease in the market value of the Group's equity securities designated at FVOCI would not affect the Group's profit/loss for the year.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(f) Fair values

(i) 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 as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is 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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
31 December 2023				
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**
31 December 2022				
Assets:				
– Debt securities measured at FVOCI	–	214,532	–	214,532
– Units in investment funds measured at FVPL	48,901	–	–	48,901
– Equity securities designated at FVOCI	21,620	–	–	21,620
– Perpetual bonds designated at FVOCI	–	59,480	–	59,480

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(f) Fair values (continued)

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

During the year ended 31 December 2023, 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. During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. 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 value 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.

(ii) 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 31 December 2023 and 2022.

25 COMMITMENTS

Capital commitments

	31 December 2023 HK$'000	31 December 2022 HK$'000
Purchase of property, plant and equipment		
Contracted but not provided for	**42,285**	92,185
Construction of Ecommerce and Distribution Centre		
Contracted but not provided for	**28,551**	129,176

In addition, at 31 December 2023 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$2,297,000 in total (31 December 2022: certain number of leases of 3 to 10 years that are not yet commenced, the lease payments under which amounted to HK$4,354,000 in total).

(Expressed in Hong Kong dollars unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors as disclosed in note 10(a), is as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Short-term Talent benefits (note)	**55,821**	56,150
Post-employment benefits	**1,312**	910
Equity-settled share-based payment expenses	**–**	663
	57,133	57,723

Note: Short-term Talent benefits include monetary value of benefit in kind for providing accommodations to the directors for the exclusive right to use and occupy properties of the Group at no charge for which the monetary values are disclosed in note 10(a).

27 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of apply the Group's accounting policies, management has made the following accounting judgement:

(i) Valuation of investment properties

Investment properties are land and/or buildings which are owned and held to earn rental income and/or for capital appreciation. Such properties are carried in the statement of financial position at their fair value as determined by independent firm of surveyors ("the valuers"). In determining the fair value of investment properties, the valuers use assumptions and estimates that reflect, amongst other things, comparable market transactions. Judgement is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Changes in fair values of investment properties are recognised in the consolidated income statement.

(ii) Expected credit losses of other financial assets

The measurement of the expected credit loss allowance for debt instruments measured at FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit expectation.

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining criteria for significant increase in credit risk; and
- Choosing an appropriate model and assumptions for the measurement of expected credit losses; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

(b) Sources of estimation uncertainty

Notes 11, 12(b) and 24(f) contain information about the assumptions and their risk factors relating to fair value of share options granted, investment properties and financial instruments.

(Expressed in Hong Kong dollars unless otherwise indicated)

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment		**2,805**	2,192
Intangible assets		**34,616**	38,732
Interest in subsidiaries		**2,582,964**	2,657,654
Other financial assets		**201,060**	292,791
		2,821,445	2,991,369
Current assets			
Other receivables, deposits and prepayments		**11,811**	7,723
Other current financial assets		**160,712**	51,742
Amounts due from subsidiaries		**2,249**	2,249
Time deposits		**243,028**	–
Cash and cash equivalents		**185,832**	468,680
		603,632	530,394
Current liabilities			
Other payables and accrued charges		**17,478**	42,240
Amounts due to subsidiaries		**11,089**	11,683
		28,567	53,923
Net current assets		**575,065**	476,471
NET ASSETS		**3,396,510**	3,467,840
CAPITAL AND RESERVES	21		
Share capital		**1,805,004**	1,800,972
Reserves		**1,591,506**	1,666,868
TOTAL EQUITY		**3,396,510**	3,467,840

Approved and authorised for issue by the board of directors on 27 March 2024.

Cheung Chi Kin, Paul
Director

Wong Wai Kay, Ricky
Director

(Expressed in Hong Kong dollars unless otherwise indicated)

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Noncurrent liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

30 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 2. Accordingly, the comparative information in note 2 has been restated to conform with the current year's presentation.

Five-Year Financial Summary

	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000	Year ended 31 December 2019 HK$'000
Results					
Turnover	**3,811,706**	3,828,051	3,130,164	2,877,884	1,413,958
Profit/(loss) before taxation	**38,764**	142,360	6,100	184,141	(289,967)
Taxation	**6,557**	69,844	8,165	(560)	54
Profit/(loss) after taxation	**45,321**	212,204	14,265	183,581	(289,913)
Assets					
Property, plant and equipment	**1,970,085**	1,971,551	1,751,803	1,398,110	1,409,816
Intangible assets	**135,226**	103,209	71,343	59,686	72,826
Goodwill	**-**	–	–	897	897
Long term receivables, deposits and prepayments	**63,167**	147,194	65,403	28,984	24,658
Deferred tax assets	**89,005**	81,252	9,952	–	–
Other financial assets	**361,772**	344,533	444,038	342,316	555,552
Other current assets	**842,526**	971,773	913,754	1,178,412	339,502
Total assets	**3,461,781**	3,619,512	3,256,293	3,008,405	2,403,251
Liabilities					
Current liabilities	**986,797**	968,758	797,009	705,695	753,884
Non-current liabilities	**329,636**	441,961	398,016	205,022	197,759
Total liabilities	**1,316,433**	1,410,719	1,195,025	910,717	951,643
Net assets	**2,145,348**	2,208,793	2,061,268	2,097,688	1,451,608

Corporate Information

FINANCIAL CALENDAR

Financial year ended:
31 December 2023

Annual results announced:
27 March 2024

Closure of register of members for Annual General Meeting:
13 June 2024 to 18 June 2024

Annual General Meeting:
18 June 2024

LISTING

The ordinary shares of Hong Kong Technology Venture Company Limited (the "Company") are listed on The Stock Exchange of Hong Kong Limited. In addition, the Company's American Depositary Shares (ADSs), each representing 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

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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
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10 Chater Road
Central, Hong Kong

Share Registrar

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Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

American Depositary Bank

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Principal Bankers

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The Hongkong and Shanghai Banking Corporation Limited

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

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