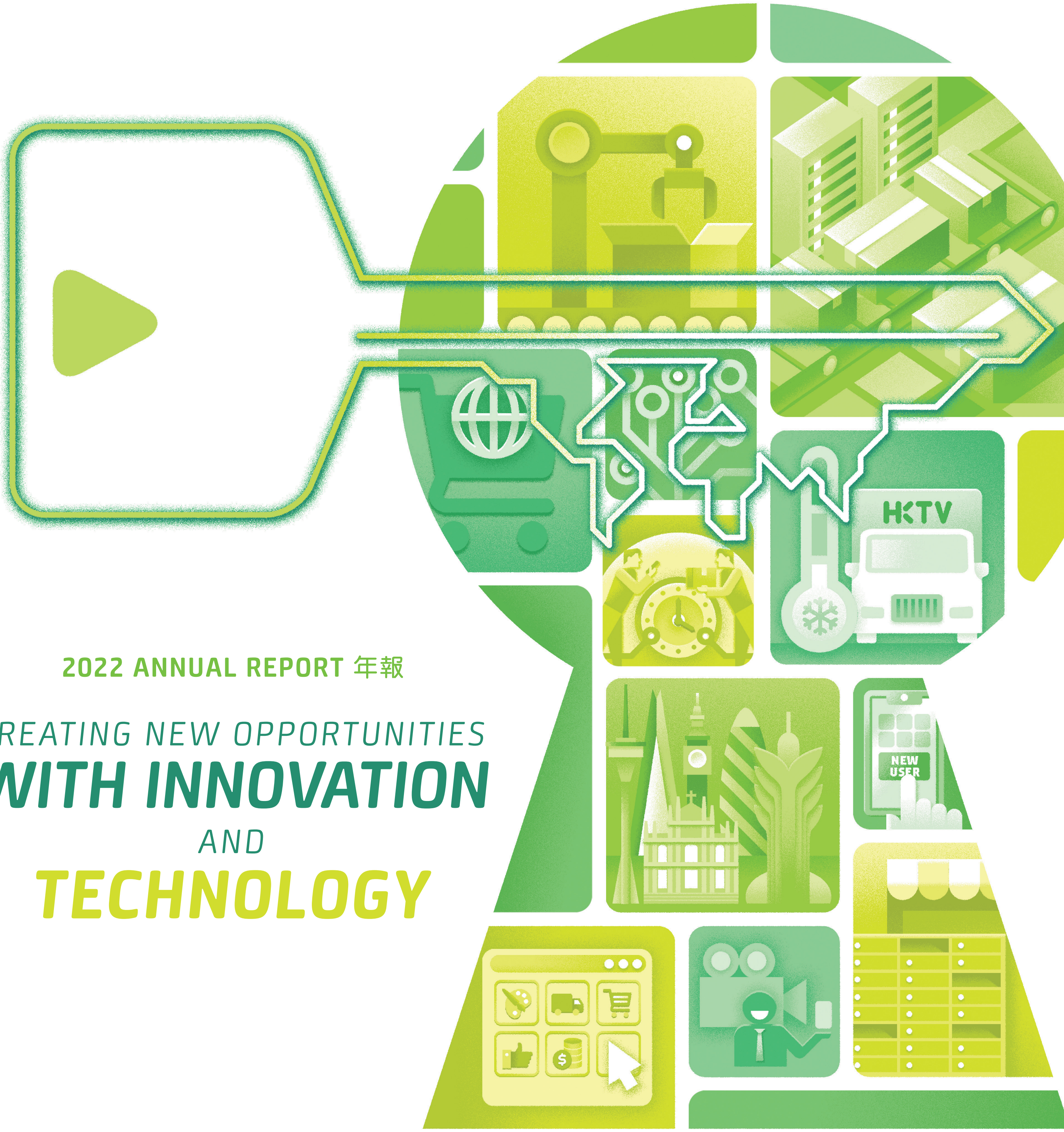
HONG KONG TECHNOLOGY VENTURE COMPANY LIMITED
香港科技探索有限公司
SEHK STOCK CODE 香港交易所股份編號：1137
www.hktv.com.hk



2022 ANNUAL REPORT 年報

CREATING NEW OPPORTUNITIES WITH INNOVATION AND TECHNOLOGY

REDEFINING THE INDUSTRY WITH INNOVATION

以創意為行業重新定義

Contents

Financial Information

Operational Highlights

In thousands of Hong Kong dollars unless specified

On order intake	For the year ended 31 December 2022	For the year ended 31 December 2021	Change in percentage
Gross Merchandise Value ("GMV")[1]	**8,276,171**	6,573,142	25.9%
Average Daily Order Number (rounded to the nearest hundred)	**49,500**	39,000	26.9%
Average Order Value (HK$) (rounded to the nearest dollar)	**458**	462	(0.9%)
Combined Unique Customers (rounded to the nearest thousand)	**1,412,000**	1,287,000	9.7%

On order intake	For the month ended 31 December 2022	For the month ended 31 December 2021	Change in Percentage
Gross Merchandise Value ("GMV")	**713,152**	610,909	16.7%
Average Daily Order Number (rounded to the nearest hundred)	**49,300**	41,400	19.1%
Average Order Value (HK$) (rounded to the nearest dollar)	**467**	476	(1.9%)

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.

Financial Highlights

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

	For the year ended 31 December 2022	For the year ended 31 December 2021	Change in Percentage
GMV on completed orders[2]	**8,188,137**	6,494,593	26.1%
Turnover	**3,828,051**	3,130,164	22.3%
EBITDA[3,5]	**255,197**	116,816	118.5%
EBITDA margin* (in %)	**3.1%**	1.8%	1.3%
Adjusted EBITDA[4,5]	**316,388**	112,737	180.6%
Adjusted EBITDA margin* (in %)	**3.9%**	1.7%	2.2%
Profit for the year	**212,204**	14,265	1,387.6%
Profit attributable to shareholders of the Company	**212,204**	14,780	1,335.8%
Net profit margin* (in %)	**2.6%**	0.2%	2.4%
Capital expenditures — Property, plant and equipment (excluded other properties leased for own use)	**260,425**	228,222	14.1%

* As a percentage of GMV on completed orders

	As at 31 December 2022	As at 31 December 2021	Change in percentage
Cash position[6]	**705,807**	624,247	13.1%
Other financial assets	**344,533**	444,038	(22.4%)
Total equity attributable to equity shareholders of the Company	**2,208,793**	2,061,783	7.1%
Total equity	**2,208,793**	2,061,268	7.2%
Number of shares in issue (in thousands)	**923,090**	917,007	0.7%
Net asset per share (HK$)	**2.39**	2.25	6.2%

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.

Reconciliation of Adjusted EBITDA

	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Profit for the year	**212,204**	14,265
Income tax credit	**(69,844)**	(8,165)
Investment returns[7]	**(22,171)**	(19,898)
Depreciation — on property, plant and equipment (excluded depreciation on other properties leased for own use)	**122,162**	116,405
Amortisation on intangible assets	**12,043**	14,072
Amortisation on other contract costs	**803**	137
EBITDA	**255,197**	116,816
Major non-cash items:		
Valuation gains on investment properties	**(650)**	(16,100)
Net exchange loss/(gain)	**6,018**	(3,188)
Provision/(reversal) of expected credit losses on debt securities measured at FVOCI	**42,247**	(592)
Provision of expected credit losses on interest receivable	**1,600**	–
Unrealised fair value losses on units in investment funds measured at FVPL	**13,263**	7,945
Equity-settled share-based payment expenses (after capitalisation)	**1,146**	6,959
Write-off of receivables and other contract costs, net	**16,295**	–
Write-off of goodwill	**–**	897
Government subsidies	**(18,728)**	–
Adjusted EBITDA	**316,388**	112,737

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

JANUARY

Launch of IDD300 Calling Service

AUGUST

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

1998

NOVEMBER

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

1999

JANUARY

Launch of IDD 1666 Direct Calling Service

NOVEMBER

ADR listing on the Nasdaq National Market of USA

2000

FEBRUARY

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

MARCH

Launch of Broadband Internet services by HKBN

2001

MAY

CTI International awarded the Satellite-based Fixed Carrier license

2002

APRIL

HKBN upgraded to become a wireline-based FTNS license

JUNE

Launched of HKBN IDD0030 service

2003

AUGUST

HKBN officially launched IP-TV service

2004

NOVEMBER

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

Major Milestones and Events

2005

APRIL

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

OCTOBER

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

2006

SEPTEMBER

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

2007

MARCH

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

2008

JANUARY

HKBN launched free WiFi service at public housing estates

FEBRUARY

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

2009

NOVEMBER

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

DECEMBER

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

2010

MARCH

City Telecom celebrated 10 Years on NASDAQ

MARCH

HKBN launched bb100 + WiFi services at Hong Kong International Airport

APRIL

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

NOVEMBER

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

DECEMBER

HKBN launched HD online music portal — MusicOne

Major Milestones and Events

2011

MAY
Surpassed 10,000 symmetric 1Gbps subscribers

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

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

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

2012

FEBRUARY
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

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

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

2013

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

DECEMBER
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

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

NOVEMBER
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

DECEMBER
Trial run for online shopping mall

Major Milestones and Events

2015

FEBRUARY

Grand launch of HKTV 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

MARCH

HKTV App was available on PlayStation®4

AUGUST

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

SEPTEMBER

Construction work of the Multimedia Production and Distribution Centre commenced

2016

JULY

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

AUGUST

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

OCTOBER

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

2017

JANUARY

Opened the 2nd O2O Concept Store in South Horizons

OCTOBER

Grandly opened 10th O2O Concept Store at Shatin CityOne

2018

JANUARY

"THE BASE — Ecommerce Incubation Programme" officially launched

MARCH

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

APRIL

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

JUNE

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

DECEMBER

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

Major Milestones and Events

2019

JANUARY

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

MARCH

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

MARCH

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

JULY

Opening of new logistics centre in Tuen Mun

OCTOBER

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

FEBRUARY

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

FEBRUARY

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

FEBRUARY

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

MARCH

Established mask factory and started production of surgical masks

2020

JULY

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

NOVEMBER

Setting up "Shoalter Technology Limited" to extend our end-to-end eCommerce Solution business, 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

DECEMBER

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

JANUARY

Launch of "HKTVmall Open Databank" which shares anonymous eCommerce data of HKTVmall on free basis, aiming to enable Hong Kong to become a smarter city

JANUARY

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

FEBRUARY

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

APRIL

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

2021

JUNE

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

JULY

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

JULY

HKTV renamed as Hong Kong Technology Venture Company Limited

AUGUST

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

AUGUST

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

OCTOBER

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

NOVEMBER

Partners with HSBC to launch an innovative digital merchant finance programme that utilises commercial data at HKTVmall for faster and easier access to digital trade finance

Major Milestones and Events

2022

FEBRUARY

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

JULY

The first "HKTV Open Day" was held, providing over 130 job vacancies covering technology, eCommerce operations, sales & marketing, logistics & warehousing, etc. with on-the-spot interviews, attracting over 430 visitors joining the event

AUGUST

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

2022

SEPTEMBER

HKTV celebrated its 30th anniversary and held various celebration events such as team games, lucky draw, long-service awards ceremony, etc. to share the joy with talents

SEPTEMBER

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

SEPTEMBER

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

2022

OCTOBER

Launched "Wet Market Express", providing express delivery for food options at 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

OCTOBER

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

NOVEMBER

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

Major Milestones and Events

2022

DECEMBER

Achieved the first phase of Last Mile Service Pledge, with more than 95% customer orders placed during weekdays being fulfilled with "2-day Delivery" in the second half of 2022. Additionally, around 16,000 product items under HKTVmall's direct inventory are able to achieve delivery as quickly as 12 hours

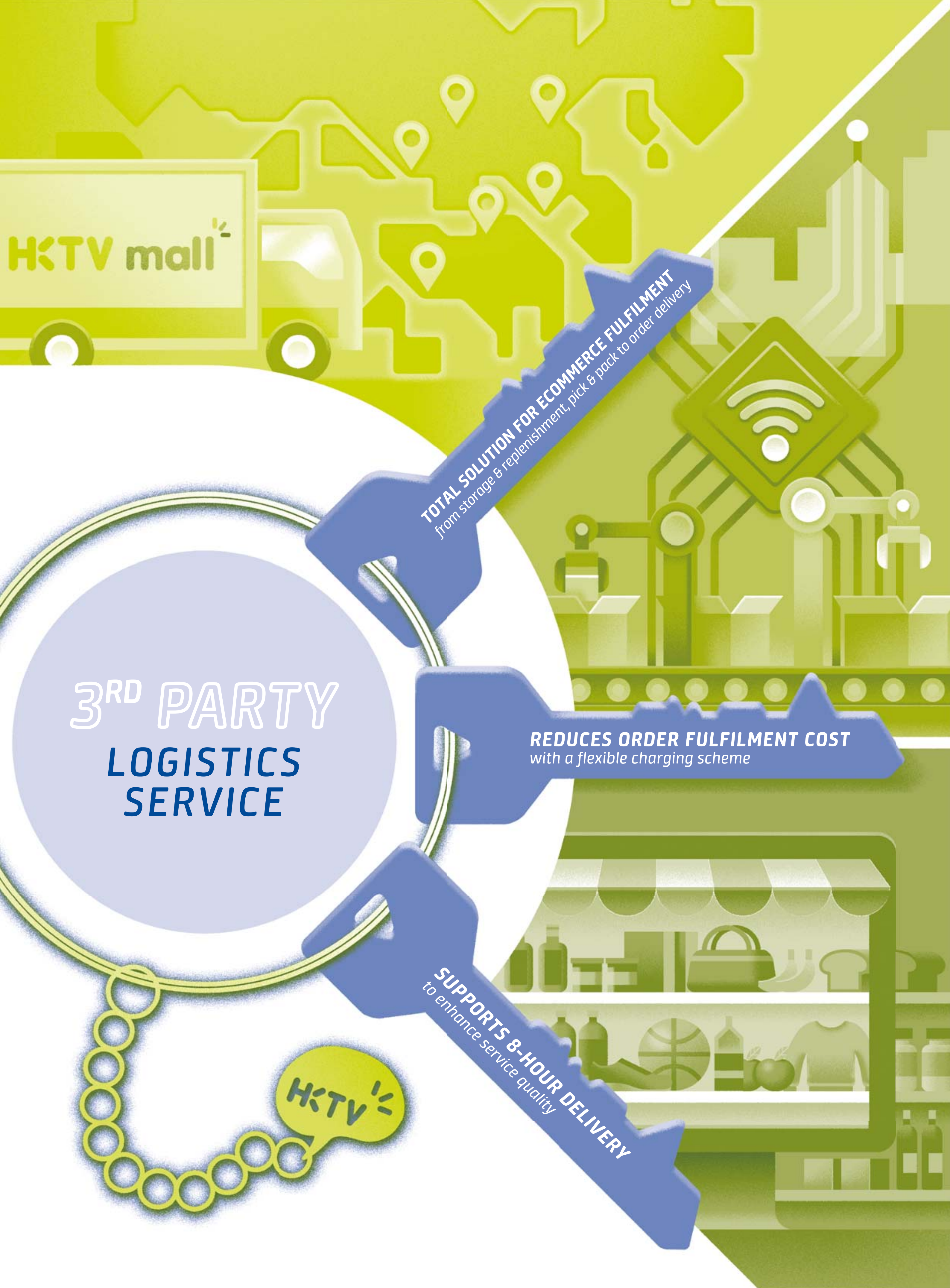
DECEMBER

Expands to 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

2023

JANUARY

Offbeat Technology Hong Kong Limited, a wholly-owned subsidiary of HKTV, launched cross-border eCommerce platform — Everuts, connecting customers with various International Personal Shoppers "Exploruts" around the world and offering one-stop global purchasing service for overseas products, place orders, track and manage orders


HKTV mall
TOTAL SOLUTION FOR ECOMMERCE FULFILMENT
from storage & replenishment, pick & pack to order delivery
3RD PARTY
LOGISTICS
SERVICE
REDUCES ORDER FULFILMENT COST
with a flexible charging scheme
SUPPORTS 8-HOUR DELIVERY
to enhance service quality
HKTV

Chairmen's Statement

Dear Shareholders,

Recently, we have reviewed the Group's vision and core values, and have looked back to the Vision Statement we set when we were running telecommunication services. We noticed that over the past 30 years, even though business natures changed from international calling services to territory-wide fibre broadband networks, and then to the starting of eCommerce and different technology businesses, our core values and culture have remained unchanged — always building our cores on "infrastructure investment" and "technological research" to redefine different industries and bring changes and enhancements to human societies. No matter what kind of business we are developing, we ask ourselves to continuously strive for the best and look for innovative changes. We will also keep looking for new challenges, turning "the impossible" possible.

Talking about corporate managing culture, we have maintained "Direct and Action Oriented", "Integrity" and a "Strong Team with Smart and Capable People" as the Group's core foundations which can guide us to reach higher peaks and make the Group the industry pioneer in the past, now and in the future.

HKTVMALL IS STEADILY DEVELOPING

In 2022, the retail industry suffered from many unstable factors. However, the business performance of HKTVmall has maintained high growth. Compared to the results in 2021, the GMV on Order Intake in 2022 is 25.9% higher than that of 2021, which is concluded slightly above the updated target by approximately 3.5%, outperforming the overall performance of Hong Kong's retail industry. According to the figures from Census and Statistics Department, the provisional estimate of the retail online sales value in 2022 is HK$34.6 billion, an increase of 20.8% compared with that of 2021, which implies that online sales in Hong Kong have been growing and online shopping has become part of the daily lives of consumers. Although we believe the uncertainty of economic recovery will bring challenges to the local retail industry in 2023, we are still confident in the development of online retail businesses.

In the past few years, different corporates followed "others' footprint" to take their first step into Hong Kong online shopping market by building all kinds of eCommerce platforms after witnessing the success of HKTVmall. However, due to different reasons, most of them quitted after running these platforms for a while. For HKTVmall, the performance of some projects did not meet our expectations, for instance, the need for food delivery for "HKTVexpress" was lower than expected, and "HKTVmall Open Databank" failed to attract the expected number of merchants to make use of it and carry out data analyses. Yet, we are determined to learn from our mistakes and fix them one by one in the coming 2-3 years to strive for a better return on our investment. In late 2022, we have already taken the lead to shift the resources used for food delivery service to an uncontested market area — wet market food express delivery — by launching a new wet market express delivery service "Wet Market Express", to provide customers with fresh food purchasing service at "the same price as Wet Markets" and "delivery within 3 hours". This new service aims at expanding customers' online shopping options, which helps to acquire new customer segment.

The above not only shows our significant execution power but, at the same time, proves that businesses can never gain their foothold successfully if they only follow others' practices blindly. More importantly, rather than being afraid of failure, we must insist on long-term investment with continuous enhancement and attempts.

We started "Ship to Macau" Service in early 2023 and have got satisfactory results. We are working on shipping HKTVmall's products to other overseas countries, such as the United Kingdom, so that HKTVmall may keep close contact with mid-to-high-level customers.

WIN TOGETHER WITH HONG KONG RETAIL INDUSTRY

Our business philosophy has been focusing on businesses that can infuse society with new values. This year, our goal is "Win Together" with Hong Kong's retail industry. We hope that HKTVmall can grow with the merchants, and even other retailers and local or international brands, together. In hopes of empowering merchants' and HKTVmall's long-term and sustainable success, we are committed to increasing traffic in HKTVmall while assisting merchants to acquire new customer sources, to reduce operating expenses and to explore new business opportunities. There will be several core projects which target to "**win together with Hong Kong's retail industry**" rolling out. Besides further consolidating our market-leading position in online shopping consumer market, we actively invest in a number of new businesses to serve Hong Kong's retail industry and establish collaborative partnership relation through applications of advanced technology and system innovations.

I. Third Party Logistics Service ("3PL Service")

The Group persists on looking at long-term development and keeps investing in building infrastructures. We believe "online shopping infrastructure" will become a long-term advantage that can build an effective competition barrier which can leave our competitors far behind us. Therefore, we have been actively developing B2C logistics infrastructure, including building automated fulfilment centres and intelligent logistics fleets. Now, we are putting all efforts into expanding our two logistics centres in Tsing Yi and Tseung Kwan O headquarters for developing 3PL Service.

The expansion plan is currently underway at Tseung Kwan O headquarters. The first phase of 33,000 square feet is already under construction and is targeted to be completed by Q2 of 2024. The other phases involve building a new fulfilment centre of 200,000 square feet, which is expected to be completed by 2027.

We rented an extra 144,000 square feet area for Tsing Yi Logistics Centre, investing approximately HK$120 million in hardware machines and related CAPEX. We are optimistic about the installation progress of Automated Robotic Pick & Pack Systems, and expect to be officially launched in July 2023.

Our Third Party Logistics Centre is operated with advanced automated technology settings, equipped with robotics arms and systems to enhance efficiency and accuracy in the pick-and-pack operations, which lower operation cost for HKTVmall merchants while allowing them to gain higher profit in eCommerce business than in running their physical stores. It also further achieves our service pledge of operating all year round, including weekends and public holidays, with a fast delivery within 8 to 12 hours, which means our customers who place their orders before 10am can receive the orders at night on the same day.

In the second phase, our 3PL service will be opened to non-HKTVmall merchants, so merchants of all scales can join our 3PL services to resolve issues on warehousing, pick-and-pack as well as logistics by utilizing automated technology. In this way, it can enhance the operation efficiency of running online businesses and further promote the development of Hong Kong's eCommerce industry effectively.

II. All-in-One "Independent eStore" Solution

Our "online shopping mall" — one of the three core pillars — which provides products from 14 categories, giving customers over 1,300,000 product and service options, is our key to gaining traffic. We will leverage the concept of the "online shopping mall" to initiate a brand-new "**independent eStore**" solution, which started recruiting new merchants in March this year and will be soft-launched in early April.

We will offer a one-stop eStore setup and management service to both local and international retailers. With a user-friendly system, merchants are allowed to set up their own domain, design, and operate their eStores in addition to managing customer orders, using various tools for marketing, promotions, and data analysis, and having flexible delivery options in one system. On top of these, merchants also have the option of running their online stores on HKTVmall at the same time and managing both online stores in one system, which aims at improving the operation efficiency to reach the greatest performance.

Except for its own domain, every "**independent eStore**" will also appear in "HKTVshops" in HKTVmall app, where approximately 1,500,000 monthly active users will be brought to merchants' **independent eStores**, to provide merchants with stable traffic. Merchants can also analyze visitor and customer data to plan precise marketing strategies and promote their products to the targeted customer segment effectively.

III. Live Shopping to Bring "Video Sales"

To supplement the social interactivity of online shopping and to allow customers to be more engaged in the shopping atmosphere and communicate more effectively with salespersons, we launched live shopping channel "HKTVLive" in early 2021 which has received overwhelming support from customers and merchants.

To help physical store retailers extend their business hours and boost sales, we will launch a new "Video Sales" service this year. We will extend the live shopping channel to non-HKTVmall merchants, allowing any merchants or retailers and local or international brand owners with physical stores to create live shows on HKTVmall App. New merchant recruitment has commenced in March, and will have a trial broadcast in mid-April this year. In the first phase, we will support 70 live channels, and we plan to officially launch it in May and gradually expand to 100 channels.

Unlike the existing HKTVLive, merchants can conduct "Video Sales" anytime and anywhere 24 hours a day, 7 days a week, using the space and salespersons in their physical stores as hosts, making use of the existing resources of physical stores thus saving additional setup costs. Customers can contact the salespersons of the physical store through HKTVmall App at any time, just like holding a video conference between customers and salespersons. Salespersons can introduce products and answer customers' enquiries through video, and complete transactions with a simple process.

During the first year of implementation, merchants can become HKTVLive and "Video Sales" merchants for a registration fee as low as HK$1,000, with commission rate as low as 3% based on successful orders. Merchants can choose to arrange delivery through HKTVmall or on their own, providing greater flexibility in handling customer orders.

IV. Everuts — A reassuring platform matching global consumers and international personal shoppers

Traditional retail relies on brick-and-mortar stores to choose what products to sell, and consumers can only choose from the products that have been selected by the stores. This even applies to traditional online shopping such as HKTVmall, we can only gather millions of items from thousands of merchants for customers to choose from that have no fundamental changes on the merchant-driven model.

In recent years, "personal shopping" service model has become popular. Consumers first search online for their favourite products from around the world, and then the personal shoppers can purchase the products worldwide for them. By searching online first, consumers are greeted with a wider selection, newer styles, and lower prices, releasing them from the limitations of stores. "Personal shopping" is not a new concept, but currently, such services on social media are not widespread because consumers face great risks, on main one being that they do not receive their goods after payment. In 2022, there was significant increase in scams in Hong Kong, mainly contributed by "Online Shopping Scam", reaching 8,735 cases, where victims suffered monetary losses[8].

Earlier this year, the Group launched a new cross-border "personal shopping" service called Everuts through its subsidiary Offbeat Technology Hong Kong Limited, providing a credible and trustworthy platform for personal shopping services. This platform not only matches consumers with global personal shoppers but more importantly ensures the shopper will get paid after shipping, whilst the buyer will receive the goods after payment. It can be seen as an analogy to a bank issuing a letter of credit for global import and export merchants.

A good start is to first leverage the needs of the millions of HKTVmall customers in Hong Kong. This then allows us to establish a network of thousands or even tens of thousands of international personal shoppers to which we then promote this service to consumers around the world.

V. Patented Fully Automated Retail Store and System

The first launch of our self-invented and patented Fully Automated Retail Store and System is set to operate in Manchester of the United Kingdom in mid-2023, and the interior decoration of the store is currently underway. During the initial phase of starting our business in the UK, we encountered many difficulties due to unfamiliarity with the local business environment and regulations. In the past year, we have resolved them one by one and adapted to the local business environment and regulations, which caused certain delay in the plan. Our engineering teams in Hong Kong and the United Kingdom are in the process of enhancing and upgrading machine design and capability and preparing for mass production.

The management strongly believes that this is a revolutionary new invention in the global retail industry. Although it is understood that this is a project that requires several years or even longer investment period, and will encounter many technical and operational difficulties, we will still insist on investing a large number of resources to ensure the success of this project.

The Group has gone through a difficult road in the past 8 years, gradually dominating the leadership position of the Hong Kong eCommerce industry that possess data from one to two million online consumers in Hong Kong. In the future, we will continue to adhere to our beliefs, fully utilize our successful experiences to provide diversified business solutions and enable different types of merchants, retailers, and brands to develop their online businesses at lower costs, promoting and leading the progress of the entire eCommerce industry.

8. Source: https://www.police.gov.hk/ppp_en/03_police_message/pr/press-release-detail.html?refno=P202302140002

Chairmen's Statement

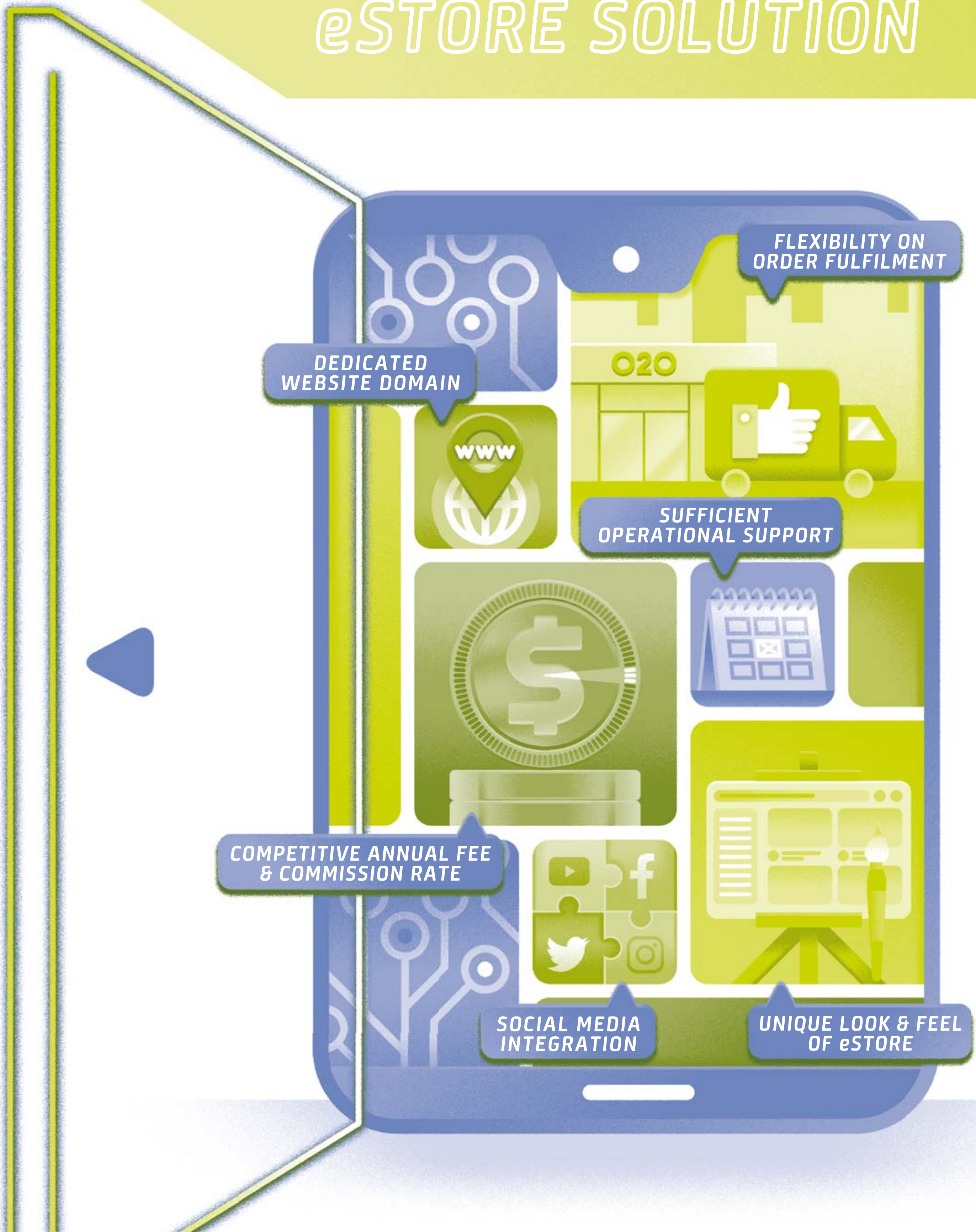
In our latest Vision Statement this year, we have set new goals and directions for ourselves: "We will be one of the well-known technology adventurers in this city. Our track record includes international calling services and territory-wide fibre broadband networks. Currently, our products and services 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." Regardless of any industry, we firmly believe that investing in infrastructure and technology will bring betterment to the human society.

Cheung Chi Kin, Paul
Chairman

Wong Wai Kay, Ricky
Vice Chairman

Hong Kong, 29 March 2023

GROWING MERCHANTS' ONLINE BUSINESS WITH ALL-IN-ONE eSTORE SOLUTION



BUSINESS REVIEW

Ecommerce Business — HKTVmall

Surpassed Overall Retail Market Performance

Along with the fifth wave of COVID-19 pandemic and interest rate hikes during the year, the overall Hong Kong retail market had a slight decrease by approximately 0.9% comparing to 2021[9]. However, at HKTVmall, though the business was challenging in particular of the increasing outbound travelling due to relaxation of social distancing measures during the fourth quarter of 2022 ("4Q2022"), we continued to surpass the overall retail market in Hong Kong with GMV on order intake increased by 25.9% reaching HK$8,276.2 million in 2022, which accounted for

(a) approximately 2.4% of the total Hong Kong retail sales value (2021: 1.9%);

(b) approximately 24.0% of Hong Kong's online retail sales value (2021: 23.0%); and

(c) approximately 66.0% of Hong Kong's non-store retailing value (2021: 53.4%).

While Hong Kong's online retail sales value only attributed to 9.9% (2021: 8.1%) of the total Hong Kong retail sales value, approximately 25.0% penetration[10] in Asia Pacific region, this indicates there is still a large potential to grow the Ecommerce space in Hong Kong.

Proven Structural Change in Consumer Purchasing Behavior

As mentioned in the 2022 interim report, the COVID-19 pandemic has provided a prolonged window to advance the Offline-to-Online ("O2O") conversion on consumer behavior in the past 3 years. While the local market will gradually resume normal after the rescission of COVID-19 measures over time, and it might not be possible to maintain 100% conversion at every point of time, we manage to maintain the monthly HKTVmall active App users at approximately 1.5 million and had consistent growth on number of unique customers reaching 1,412,000 in 2022 (2021: 1,287,000), an net addition of 125,000 unique customers.

Furthermore, the quarterly average purchase frequency per customer was further increased to 5.09x in 4Q2022 versus 4.61x in the fourth quarter of 2021 ("4Q2021") and the quarterly average main categories purchased per customer was at 2.97 main categories in 4Q2022 versus 2.91 main categories in 4Q2021.

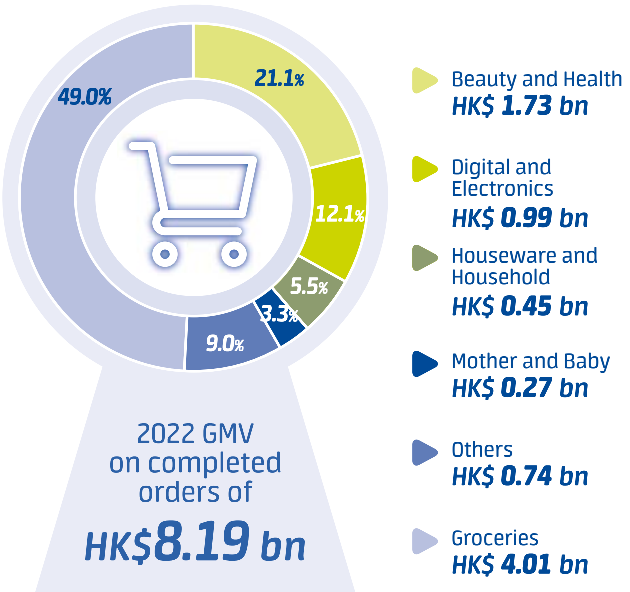
Across-the-line GMV Growth on All Major Product Categories

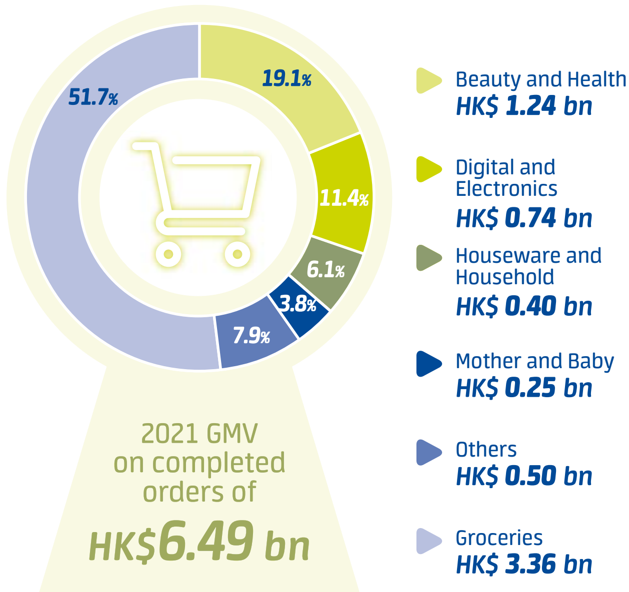
On completed order basis, HKTVmall has achieved HK$8.19 billion GMV in 2022, representing a growth of 26.1% comparing to 2021. More encouraging than this double digit growth is the across-the-line GMV growth on all major product categories, in particular on Beauty and Heath increased by 39.5% and Digital and Electronics increased by 33.8% comparing to 2021.

[9] Source: Report on Monthly Survey of Retail Sales January 2023, Census and Statistics Department of Hong Kong Special Administrative Region (https://www.censtatd.gov.hk/en/data/stat_report/product/B1080003/att/B10800032023MM01B0100.pdf)

[10] Source: https://www.morganstanley.com/ideas/global-ecommerce-growth-forecast-2022

Product categories distribution and GMV growth parameters





1P versus 3P Business Performance

In 2022, we further improved the proportion between direct merchandise sales ("1P Business") and merchant concessionaire sales ("3P Business") to approximately 30% versus 70% (2021: 33.5% versus 66.5%) which continue to increase the operational efficiency.

The total gross profit margin and blended commission rate was 23.4% for 2022 (2021: 23.7%) which is in line with our FY2022 guidance of 23.4%.

Multimedia advertising income has a substantial increase by 45.4% reaching HK$131.6 million which has outperformed the FY2022 guidance of $120.0 million.

GROSS PROFIT MARGIN AND BLENDED COMMISSION RATE

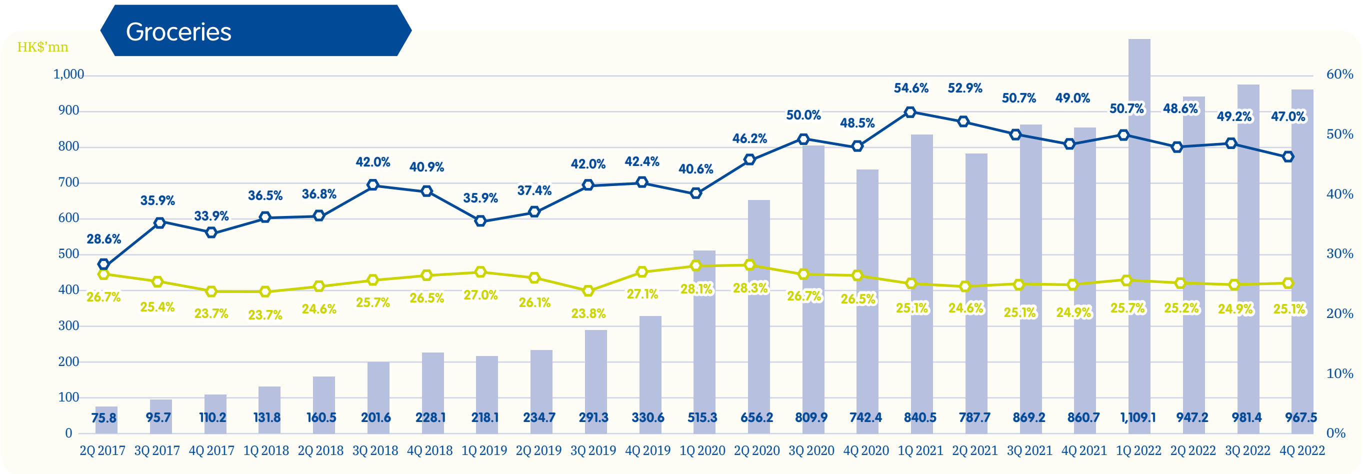
In thousands of Hong Kong dollars unless specified except for ratios

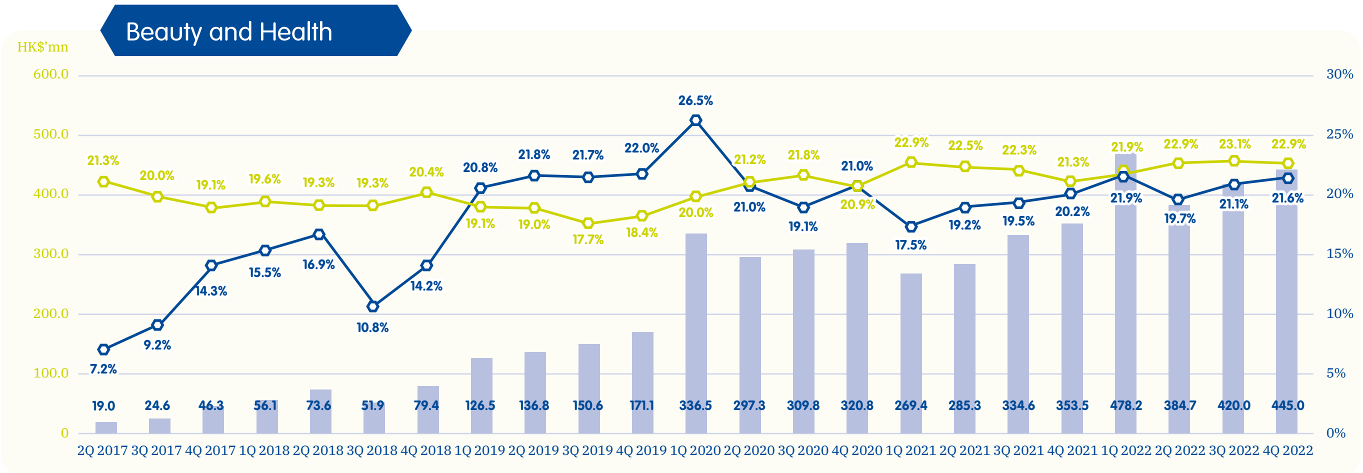
On completed orders and on adjusted basis[2]	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Direct merchandise sales		
GMV on completed orders[2,11]	**2,465,635**	2,117,536
Cost of inventories	**(1,819,490)**	(1,575,052)
Gross profit	**646,145**	542,484
Gross profit margin	**26.2%**	25.6%
Income from concessionaire sales and other service income		
GMV on completed orders[2]	**5,722,502**	4,377,057
Merchant payments (net off by other service income)	**(4,456,562)**	(3,383,393)
Income from concessionaire sales and other service income[12]	**1,265,940**	993,664
Blended commission rate	**22.1%**	22.7%
Total GMV on completed orders[2]	**8,188,137**	6,494,593
Total gross profit and income from concessionaire sales and other service income[11,12]	**1,912,085**	1,536,148
Total gross profit margin and blended commission rate	**23.4%**	23.7%
Multimedia advertising income and licensing of programme rights		
Multimedia advertising income	**131,597**	90,529
Other programme license	**33**	138
	131,630	90,667
Gross contribution from Ecommerce business segment	**2,043,715**	1,626,815
Income from Technology business segment	**5,357**	893
Gross contribution from Ecommerce and Technology business segment	**2,049,072**	1,627,708

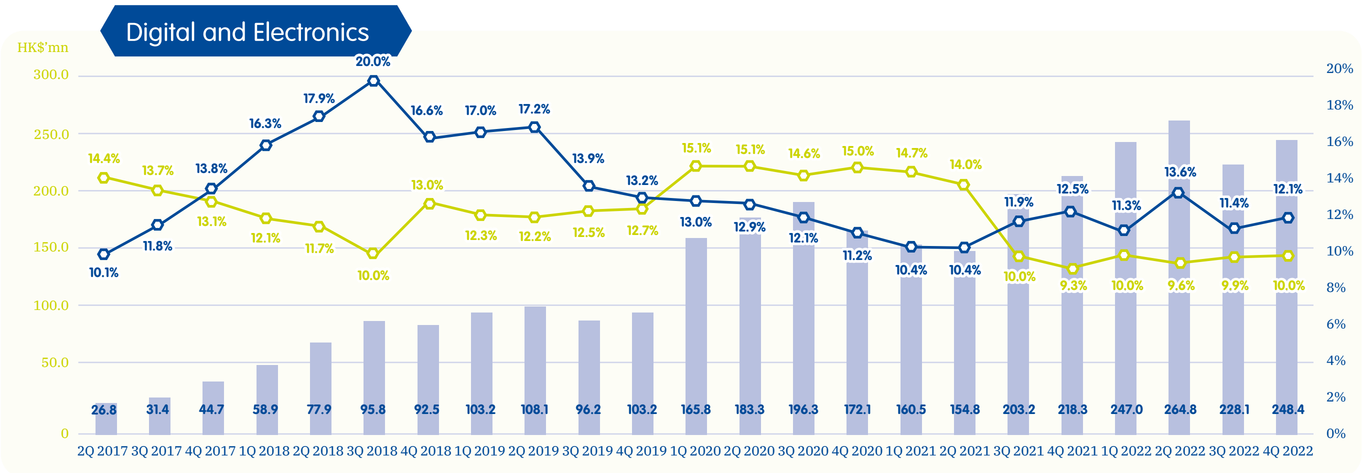
11 For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK$718,000 (2021: HK$1,839,000) and use of promotional coupon of HK$39,297,000 (2021: HK$68,503,000).

12 For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK$496,000 (2021: HK$2,254,000) and included merchant annual fee amortisation and other service income.

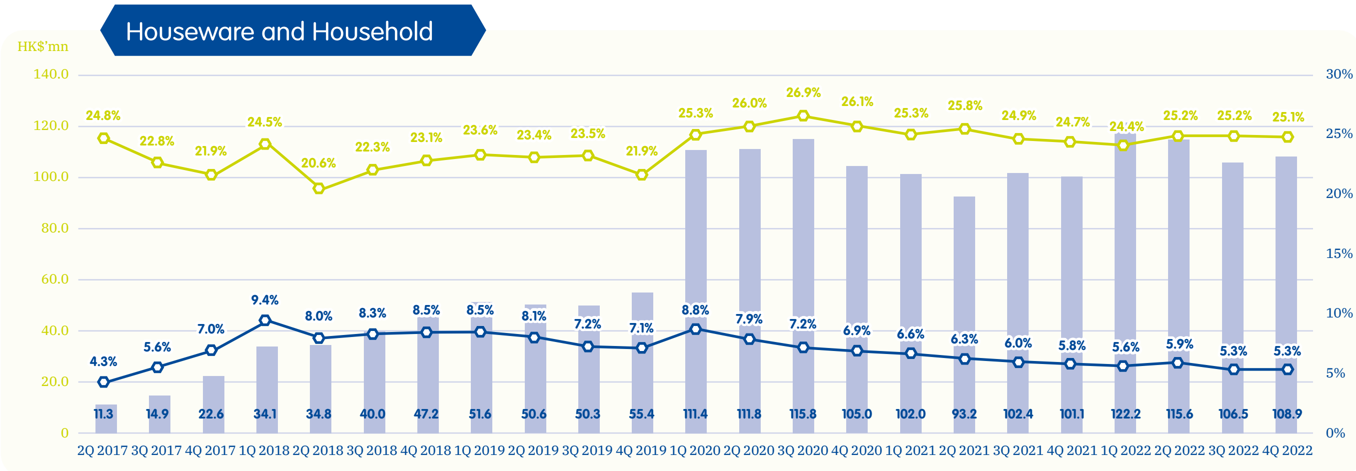
On product category basis, the trend on gross profit margin and blended commission rate is summarized as below:

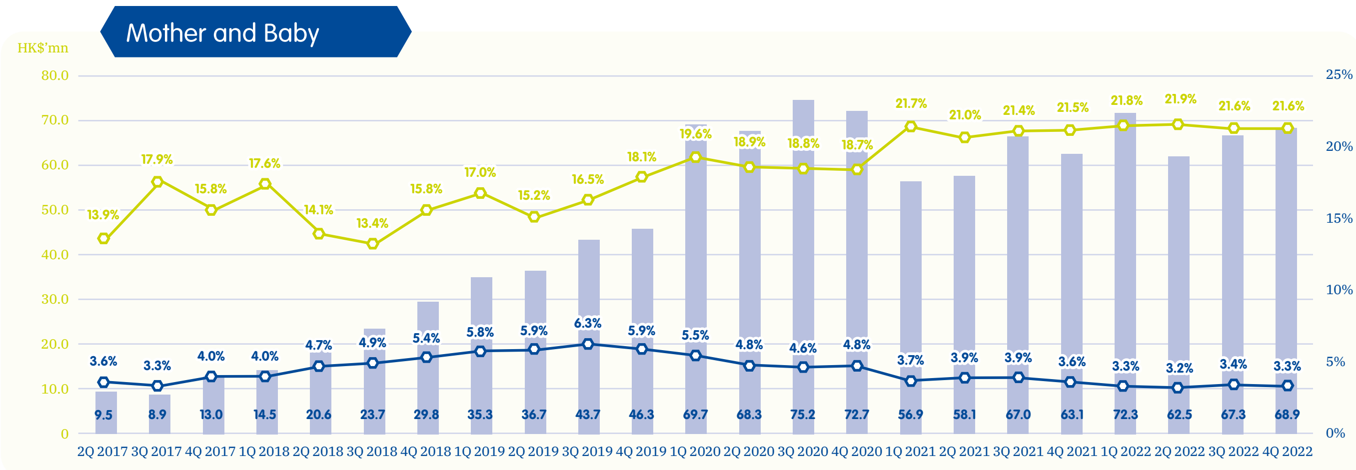


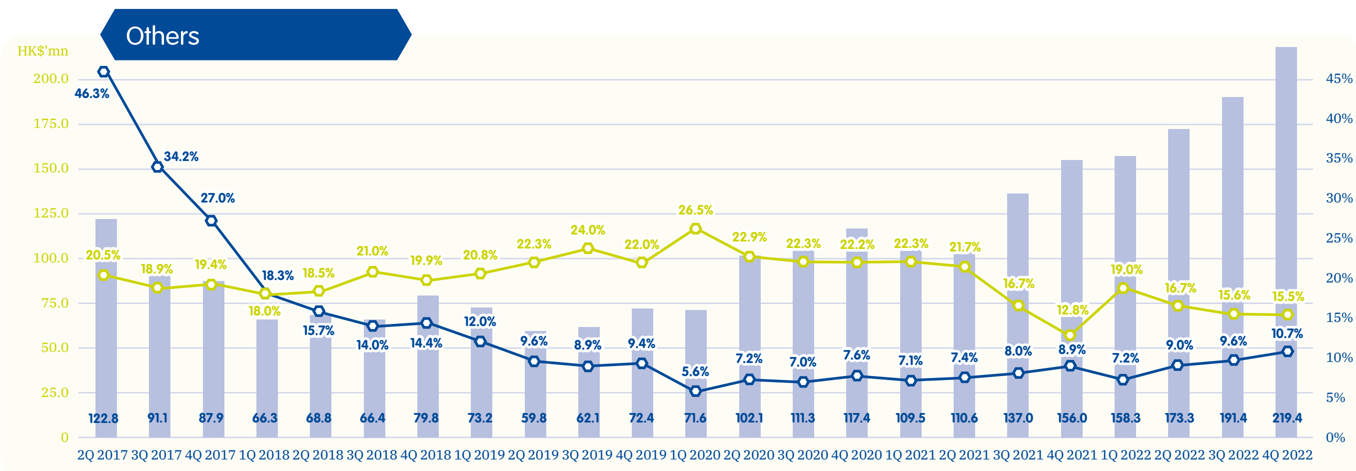




Quarterly GMV on completed orders (HK$ million)
Quarterly proportion of GMV on completed orders
Quarterly gross profit margin and blended commission rate





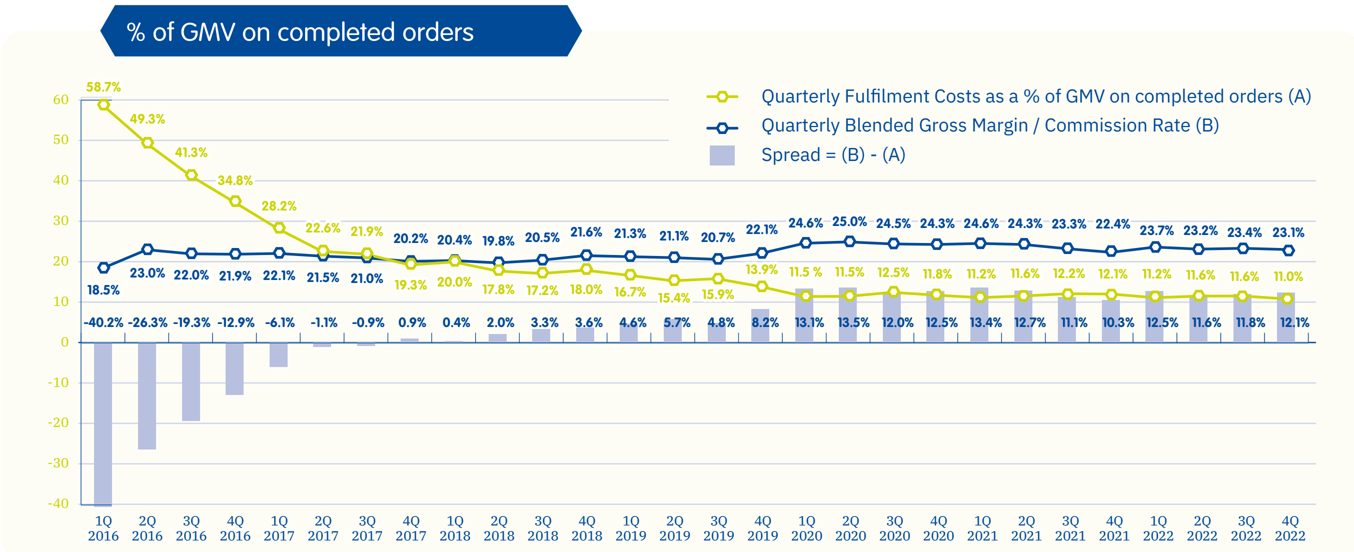


Quarterly GMV on completed orders (HK$ million)
Quarterly proportion of GMV on completed orders
Quarterly gross profit margin and blended commission rate

Planned and Disciplined Fulfilment Cost Efficiency

On fulfilment and logistics, we experienced an exceptionally low fulfilment cost % at 11.2% in the first quarter of 2022 ("1Q2022") given the high volume of GMV achieved caused by the fifth wave of COVID-19 though partially was offset by the incremental costs incurred to increase the fulfilment manpower during the period. The fulfilment cost % resumed to 11.6% in the second and the third quarter of 2022 ("2Q2022" and "3Q2022").

Given the higher GMV on completed orders in 4Q2022 relative to 2Q2022 and 3Q2022 by 5.6% and 3.2% respectively, together with additional costs were incurred for COVID-19 and summer hardship allowances during 2Q2022 and 3Q2022 but none was incurred in Q42022, the fulfilment cost % was lower in 4Q2022 at 11.0%.



Remark:

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

New Product Segment

To further expand the customer base and purchase frequency, we continued to explore new product segments to enrich the product choices at HKTVmall.

Wet Market Express Delivery

With the relaxation of various social distancing measures by the government in the second half of 2022, we noticed a decline in demands for food delivery services. Moreover, we aware of a new uncontested business opportunity in wet market food product express delivery arisen from increasing demand for home cooking due to changes in consumer behavior and mindfulness on wellness. According to government statistics, the total market size for "Fish, livestock and poultry, fresh or frozen" and "Fruits and vegetables, fresh", which are the major items selling in wet market, attributed to HK$15.5 billion. This represents a huge potential to expanding our product offering to customers[9].

We, therefore, ceased our food delivery service operation during the year and shifted our resources to build a new Wet Market Express Delivery service under HKTVmall and quickly established the service to cover 7 wet markets in 7 different districts including Ma On Shan, Shatin, Tai Po, Tuen Mun, Tsuen Wan, Tseung Kwan O and Yuen Long by the end of 2022. This does not only expand the wet market product choices to our existing customer but also open HKTVmall to a new customer segment in need of wet market products with express delivery within 3 hours.

In December 2022, the average daily order number reached 260 orders with average order value at approximately HK$350. This new service is getting popular in a short period of time since launch and hence, we have built our express delivery team and now already covering 9 wet markets aiming to expand further to 13 covering approximately 75% of existing customer base in 2023. We are confident that this new service will strengthen the leading position of HKTVmall by converting offline wet market shoppers into online recurring customers.

UKstore by HKTVmall

To further expand the product choices at HKTVmall, in November 2022, we newly launched UKstore by HKTVmall offering a few hundred British supermarket products, such as teabags, biscuits, chips, drinking powders, breakfast choices, wine, etc., directly sourced and imported from United Kingdom. The selling price is made reference to local UK retail price so as to achieve "British Taste, British Rate". This UKstore has given additional options to Hong Kong customers without the travelling hassle. Again, at HKTVmall, you can shop whatever, whenever, wherever with your fingertips.

Technology Business

In the mid of 2022, due to financial and commercial consideration of its parent company, EESE — an online shopping mall, with its platform powered by Shoalter Technology (by providing its end-to-end Ecommerce solution for software as a service (SaaS)), has ceased its operation after running for about 8 months. This decision did reinforce our confidence in continuing to dominate the Hong Kong's online shopping segment as so far, we do not see there is any "competitor" having strong determination and preparation to committedly invest into this online market segment in Hong Kong.

With the withdrawal of EESE from the online shopping mall market, we have redeployed the technical and project management resources into other new venture project initiatives immediately. Please refer to Prospect section for details and progress of these new venture projects.

FINANCIAL REVIEW

During the year, the Group recorded a 26.1% growth on GMV on completed orders. reaching HK$8,188.1 million (2021: HK$6,494.6 million).

The Group's turnover increased by 22.3% to HK$3,828.1 million in 2022 (2021: HK$3,130.2 million) which is composed of:

1. HK$2,425.6 million from direct merchandise sales (2021: HK$2,047.2 million);
2. HK$1,265.4 million from concessionaire sales and other service income (2021: HK$991.4 million);
3. HK$131.6 million from multimedia advertising income and licensing of programme rights (2021: HK$90.7 million); and
4. HK$5.4 million from Technology business income (2021: HK$0.9 million).

With the 18.5% growth in direct merchandise sales, the cost of inventories increased by 15.5% to HK$1,819.5 million (2021: HK$1,575.1 million), which drove an increase in gross profit margin to 26.1% (2021: 25.6%).

In 2022, other operating expenses increased by HK$266.4 million to HK$1,868.7 million (2021: HK$1,602.3 million). Among these expenses, fulfilment costs, marketing, promotional and O2O shop marketing expenses, O2O shop operating expenses, and Ecommerce operation and supporting costs are considered as key operating expenses items for running the Ecommerce business, which as a percentage of GMV on completed orders, has decreased to 20.4% in 2022 (2021: 22.8%).

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

	2022		2021	
	As a % of GMV on completed orders	**HK$ million**	As a % of GMV on completed orders	HK$ million
Fulfilment costs (note 1)	**11.4%**	**932.3**	11.8%	767.3
Marketing, promotional and O2O shop marketing expenses	**2.4%**	**193.1**	4.1%	265.8
O2O shop operating expenses (note 2)	**1.8%**	**146.2**	2.1%	136.4
Ecommerce operation and supporting costs	**4.8%**	**393.5**	4.8%	310.5
Ecommerce business segment key operating expenses	**20.4%**	**1,665.1**	22.8%	1,480.0
Technology business segment key operating expenses (note 3)		**73.7**		41.6
Other unallocated operating expenses (note 4)		**46.2**		19.3
Total key operating expenses		**1,785.0**		1,540.9
Major non-cash items (note 5)		**137.3**		143.3
Less: Marketing, promotional and O2O shop marketing expenses deducted in turnover		**(40.5)**		(72.6)
Less: Interest on lease liabilities included in finance costs		**(13.1)**		(9.3)
Total other operating expenses		**1,868.7**		1,602.3

Notes:

1. Including depreciation — other properties leased for own use of HK$64.1 million (2021: HK$54.8 million) and interest on lease liabilities of HK$8.3 million (2021: HK$7.4 million).

2. Including depreciation — other properties leased for own use of HK$74.8 million (2021: HK$61.0 million) and interest on lease liabilities of HK$2.6 million (2021: HK$1.9 million).

3. Including depreciation — other properties leased for own use of HK$4.6 million (2021: HK$2.2 million) and interest on lease liabilities of HK$0.4 million (2021: nil).

4. Including depreciation — other properties leased for own use of HK$5.6 million (2021: HK$1.5 million) and interest on lease liabilities of HK$1.8 million (2021: nil).

5. Excluding depreciation — other properties leased for own use of HK$149.2 million (2021: HK$119.5 million).

1) **Fulfilment costs** which include warehousing and logistics functions as well as shop pick up costs allocation, recorded an increase in 2022. This was primarily due to the full year effect caused by the addition of a new fulfilment centre in Tsing Yi in July 2021 to increase cold storage and O2O shop inventory replenishment capacities, as well as the increased use of daily rate manpower and outsource service providers, particularly during 1Q2022 when the number of orders rapidly increased under the fifth wave of COVID-19 pandemic breakout. However, despite these challenges, we saw an increase in average daily orders from 39,000 in 2021 to 49,500 in 2022, resulting in operational cost efficiency. The total fulfilment costs as a percentage of GMV on completed orders decreased from 11.8% to 11.4% in 2022.

2) **Marketing, promotional and O2O shop marketing expenses** in 2022 included promotional coupons and HKTVmall dollars grant, digital marketing, promotional leaflet, O2O shop marketing costs, etc., and all related functions' Talent costs.

   Including the HK$40.5 million (2021: HK$72.6 million) HKTVmall dollars granted and promotional coupons used which was deducted in the turnover in the consolidated income statement, the total expenses accounted for 2.4% of GMV on completed orders (2021: 4.1%) at HK$193.1 million (2021: HK$265.8 million). The decrease in cost percentage was primarily attributed to the launch of the "$350/$500 eGift Voucher Program" in 2021 with the objective of maintaining HKTVmall's competitiveness in the marketplace amidst the disbursement of the Government's Consumption Voucher Scheme, and as a result of this initiative, promotional coupon expenses amounting to HK$86.6 million were recorded in 2021 but no such large scale promotion campaign launched in 2022.

3) **O2O shop operating expenses** includes the shop running expenses and relevant Talent costs incurred, net of recharge of shop pick up costs to fulfilment costs, which was dropped from 2.1% of GMV on completed orders in 2021 to 1.8% in 2022. The number of O2O shop network were 93 in December 2022 (including 5 mega stores) and 93 in December 2021 (including 1 mega store).

4) **Ecommerce operation and supporting costs** includes payment processing charges, merchant relations and acquisition, customer service, information technology, and other supporting functions. In 2022, these costs increased by HK$83.0 million to HK$393.5 million. However, these costs as a percentage of GMV on completed orders remained at 4.8% in both years. This stable cost percentage was attributed by an improvement in cost efficiency gained from the enlarged GMV on completed orders during the year.

5) **Technology business segment key operating expenses** primarily consist of research and development costs incurred for Technology business which do not qualify for capitalisation as either intangible assets or other contract costs, as well as allocated costs from shared supporting functions. These expenses increased mainly due to the full-year impact of the set-up and expansion of new operations in Taiwan and the United Kingdom during 2021; and the write-off of receivables and other contract costs, amounting to HK$13.6 million, in connection with the cessation of the EESE operation.

6) **Other unallocated operating expenses** mainly represented the expenses of head office and corporate expenses and others not allocated to Ecommerce business or Technology business, and included the start up operating expenses of Everuts and 3PL service.

7) **Major non-cash items** mainly included depreciation on property, plant and equipment, amortisation of intangible assets, amortisation of other contract costs, and equity-settled share-based payments. There was a HK$5.8 million increase in depreciation on property, plant and equipment (excluded depreciation on other properties leased for own use), which was primarily driven by the consent fee paid for the change of use of Tseung Kwan O headquarters, and the renovation and equipment for the additional fulfilment centre in Tsing Yi that was added in July 2021. Additionally, there were equity-settled share-based expenses (after capitalisation) of HK$1.1 million recorded in 2022, compared to HK$7.0 million in 2021.

Management's Discussion and Analysis

During the year ended 31 December 2022, a valuation gain of the Group on investment properties of HK$0.7 million (2021: HK$16.1 million) was recognised based on the valuation carried out by an independent firm of surveyors at year end.

Other income, net, of HK$15.5 million was earned in 2022 (2021: HK$47.1 million), which mainly composed of investment returns generated from other financial assets and bank deposits of HK$22.2 million (2021: HK$19.9 million), rental income from investment properties of HK$23.8 million (2021: HK$23.8 million), partially net off by the unrealised fair value loss on units in investment funds measured at FVPL of HK$13.3 million (2021: HK$7.9 million), provision for expected credit losses on debt securities measured at FVOCI of HK$42.2 million (2021: reversal of HK$0.6 million), and net exchange loss of HK$6.0 million (2021: gain of HK$3.2 million). There was also a HK$18.7 million government subsidies recognised in 2022 whereas no such subsidies were recorded in 2021. The significant decrease in other income, net, was mainly due to the 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.

Finance costs is mainly composed of interest on lease liabilities of HK$13.2 million (2021: HK$9.4 million).

An income tax credit of HK$69.8 million was recognised in 2022 (2021: HK$8.2 million) included a deferred taxation credit of HK$71.3 million (2021: HK$10.0 million).

Overall, the Group generated a profit for the year of HK$212.2 million for 2022 relative to HK$14.3 million for 2021 and an adjusted EBITDA profit of HK$316.4 million versus HK$112.7 million in 2021.

If excluding the Technology business segment and other unallocated operating adjusted EBITDA, the adjusted EBITDA profit for Ecommerce business is HK$397.3 million in 2022 versus HK$150.0 million in 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2022, the Group had total cash position representing cash at bank and in hand of HK$705.8 million (31 December 2021: HK$624.2 million) and no outstanding borrowings. The increase in total cash position was mainly due to the cash inflow generated from operating activities of HK$554.0 million, the cash inflow from net investment in financial assets of the investment portfolio of HK$28.1 million, interest and investment income received of HK$22.9 million, net proceeds of HK$19.9 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$1.2 million, partially net off by the capital and interest element of lease rentals paid of HK$151.1 million, payment made for purchases of property, plant and equipment of HK$276.2 million, interim dividend paid of HK$73.8 million and increase in payment for the addition to intangible assets of HK$43.3 million.

On investment in other financial assets, the Group has invested, at fair value, HK$344.5 million as at 31 December 2022 (as at 31 December 2021: HK$444.0 million). As at 31 December 2022, there was a net deficit of HK$21.6 million being recorded in fair value reserve (non-recycling and recycling) (31 December 2021: a net deficit of HK$6.3 million). During the year, the total fair value change on other financial assets (after netting of expected credit losses recognised) amounted to deficit of HK$72.5 million (as at 31 December 2021: HK$15.5 million), in which deficit of HK$57.1 million (as at 31 December 2021: HK$7.4 million), deficit of HK$8.5 million (as at 31 December 2021: HK$5.9 million) and deficit of HK$6.9 million (as at 31 December 2021: HK$2.2 million) were recorded in profit or loss, fair value reserve (recycling) and fair value reserve (non-recycling) respectively.

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

Management's Discussion and Analysis

As at 31 December 2022 and 31 December 2021, the Group had not utilised any uncommitted banking facilities, leaving HK$979.7 million (31 December 2021: HK$940.7 million) uncommitted banking facilities available for future utilisation.

Our total cash and cash equivalents consisted of cash at bank and in hand and term deposits within three months of maturity, if any. As at 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021 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 2022, the Group invested HK$260.4 million on capital expenditure as compared to HK$228.2 million in 2021. For the upcoming capital expenditure requirements, we will remain cautious and it is expected to be funded by internal resources within the Group and the available banking facilities. Overall, the Group's financial position remains sound for continued business expansion.

Fund raising activity

For the purpose of strengthening the Group's financial position and the medium term funding of its expansion and growth plan, on 11 February 2020, the Company entered into a placing agreement ("Placing Agreement") with Top Group International Limited (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 2021 HK$ million	Amount utilised as at 31 December 2022 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	3.7	150.5	By the end of 2023
(ii) Adding the 6th fulfilment centre	40	6.1	40.0	By the end of 2022
(iii) Adding around 200 to 250 delivery trucks	around 90 to 110	26.1	35.7	By the end of 2023
(iv) Upgrading computer hardware and software	50	50.0	50.0	By the end of 2021
General working capital of the Group	around 53.2 to 73.2	73.2	73.2	By the end of 2021
Total	453.2	159.1	349.4	

Charge on Group Assets

As of 31 December 2022, the Group's banking facilities of HK$979.7 million were secured by the Group's other financial assets of HK$344.5 million and cash of HK$80.3 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 2022 and 31 December 2021, 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, 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 countries including Taiwan and United Kingdom, including without limitation sale of goods and services, trade descriptions, intellectual property, product safety, food safety, data privacy, insurance, dutiable commodities, product eco-responsibility, telecommunications and broadcasting, competition, listing and disclosure, and corporate governance, if applicable. Whilst we manage compliance proactively and procure to obtain first-rate independent legal services to ensure the highest standards in compliance, any failure to comply with laws and regulations may result in legal proceedings being filed against us and could expose us to civil 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 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.

PROSPECT

The core values of HKTV Group are "Continuously striving for the best in life", "Always something new" and "Make everything possible". We define these values when we were building the largest alternative optical fiber network in Hong Kong back in 2000s which has all the way governed the development and growth of the Group. These are the foundation to enable the sustainability of HKTV Group. In particular, we are technology-centric and visionary. We always look for innovation and use technology to redefine the industry and to form a new set of barriers with infrastructures for a longer term of future.

We understand the development costs of all new initiatives and venture projects will affect the short-term profitability of the Group, nevertheless, they are crucial for the Group's growth and shareholders' return in the long run.

Hong Kong Ecommerce Business

On Hong Kong eCommerce Business, we maintain our mid-term target to generate GMV on Order Intake of HK$12.0 billion to HK$15.0 billion (representing approximately 3.4% to 4.3% of 2022 Hong Kong Total Retail Sales Value[9]) by 2026.

For the year under review, the local retail sector had suffered in 2022 and 2023 is starting with lots of uncertainties including elevated interest rate environments, volatile global and local stock and credit markets, unveiled impact from recent financial market turmoil, accelerated border re-openings, etc. are expected to have significant impacts on the recovery of Hong Kong economy. All these will make the local retail industry another challenging year in 2023.

As a result, we are cautious in setting our 2023 business targets on Hong Kong eCommerce Business. We maintain our positive view on the growth momentum of Hong Kong eCommerce development, in particular on growing the number of online customers, their purchase frequencies and product categories purchased at HKTVmall. Nevertheless, we also expect some consumers' purchasing power may be shifted from high value products to low value products due to challenges of local economy and household disposable income.

In this regard, Merchant Engagement to increase the number and variety of merchants and product categories are key to strengthen our market leading position in 2023. In this regard, certain initiatives are planned to launch during the year.

(a) **HKTVLive** — Enhanced concurrent interactive channels target to trial launch by April 2023 with official launch by May 2023.

HKTVLive — Live Shopping Channels at HKTVmall will enable the merchants, retailers and local or international brand owners to have their own online shopping interactive channels making use of their full product knowledge, physical shop space and idle hours to extend the offline sales hours to as long as the online operation up to 24 hours a day and 7 days a week. On trial launch, HKTVLive will start with about 70 interactive channels, and target to extend to 100 interactive channels over time, which can run concurrently at HKTVmall.

Again, enhanced HKTVLive will connect merchants, retailers and local or international brand owners to approximately 1.5 million potential customers for direct engagement and interaction to simulate immediate interactive purchases, and a direct payment link will be sent to customers straight away to lock up the transaction.

In addition to a registration fee of as low as HK$1,000, on each successful order placed, the Group shall charge a commission at 3% of the order value and merchants or retailers will be responsible for arranging their last mile delivery to customers.

(b) **Market Expansion Beyond Hong Kong** — Target to launch in the second quarter of 2023 for United Kingdom

We notice there is a business opportunity from the increase in emigrating Hong Kong permanent residents. Taking advantage of our well-established infrastructure, approximately 4,800 merchants and suppliers and over 1.3 million wide spectrum of product items at HKTVmall, we are expanding our last mile delivery to locations beyond Hong Kong by partnering with third party logistics service providers.

Our first expansion market is Macau which had its trial launch in December 2022 targeting local Macau residents as well as Mainland Chinese visitors. Our next market will be the United Kingdom with highly competitive shipping charges at as low as 50% off from normal market price. We shall continue to explore business opportunities in other locations, such as Canada, Australia, etc..

HKTVmall 2023 Target

Business Target	2023 Target	2022 Actual Achievement
Annual GMV on Order Intake	**HK$8.80 billion to HK$9.20 billion**	HK$8.28 billion
Blended gross profit margin and commission rate (before including multimedia advertising income)	**24.0%–24.5%**	23.4%
Multimedia advertising income	**HK$156.0 million**	HK$131.6 million
Key operating expenses as a % of GMV on completed orders:		
(a) Fulfilment costs	**11.0%–11.2%**	11.4%
(b) Marketing, promotional and O2O shop marketing expenses	**2.1%–2.8%**	2.4%
(c) O2O shop operating expenses	**2.2%–2.4%**	1.8%
(d) Ecommerce operational and supporting costs	**4.8%–5.0%**	4.8%
Adjusted EBITDA (at cost basis) as a % of GMV on completed orders	**5.0%–5.5% (Approximately HK$440.0 million to HK$506.0 million)**	4.9%

Technology Business and New Venture Projects

2023 is going to be a year full of NEW VENTURES at HKTV Group — **new, exciting, and challenging**, aiming to **bring new business opportunities, to nurture our next generation leaders, and to monetize the solid 1.5 million monthly HKTVmall App user base** we built in the past 8 years.

While we continue to explore, build, and run different new ventures with our technology DNA, in 2023, different new ventures are under the pipeline to launch locally and internationally, including the below major projects:

(a) **Everuts** — A new application officially launched in January 2023

Everuts is a new-found and credible social commerce platform with over 500 registered personal shoppers currently offering personal shopping services around the globe. There is also an additional over 1500 individuals with pending applications, eager to join to help consumers find their items. We aim to do this by connecting consumers who want to purchase products internationally with personal shoppers located at different locations. Personal Shoppers around the globe will then purchase based on the consumers' request on their behalf. These personal shoppers can be professional traders, brands sales associates.

(b) **Third-Party Logistics Service ("3PL Service")** — Target to trial launch by April 2023 with official launch by July 2023

We started to develop our 3PL Service and Solution, including adding an additional 144,000 square feet fulfilment center, setting up automated fulfilment system and developing tailored made software programming, etc. during 2H2022. Our 3PL Service will provide stock in, storage, replenishment, picking and packing process through the automated fulfilment operations.

There are two main purposes of this venture:

i. To enable our merchant to reduce fulfilment costs through automation technology and be able to fulfil customer orders 364 days all year round just like our own inventory at HKTVmall; and

ii. To further improve our last mile delivery for self-owned inventory and merchant products under 3PL service to as quick as 8 hours including weekend and public holiday, which is targeted to launch in second half of 2023 with further enhanced logistics arrangement (i.e., Customers placing orders by noon, we shall be able to deliver customer orders in the same evening; Customers places orders by 10pm, we shall be able to deliver customer orders in the next morning).

We shall charge our merchants a minimum fixed fee for storage and separate fees on other services on usage basis which is estimated to be 2.0% — 6.0% of GMV subject to the selling price of the product items. This service will be very versatile and will also be made available to merchants on non-HKTVmall online marketplaces. It is also possible to opt for warehousing and picking services only and then turn the deliveries to other logistics companies.

(c) **HKTVshops** — Target to trial launch by April 2023 with official launch by July 2023.

A self-developed all-in-one eStore solution enable any local and international retailers to set up, design and operate its eStore with dedicated website domain.

Unlike other similar solutions available in the market, HKTVshops can bring unmatched value to merchants, including

i. **Traffic**: Leverage on HKTVmall's 1.5 million monthly App users to drive strong and recurring customer traffic to the eStore operated under HKTVshops;

ii. **Market exposure**: Navigation entrance, marketing exposure and search results inclusion at HKTVmall App can largely enhance the product exposure to any visitors to HKTVmall App;

iii. **Data**: Enable the merchants to build their own customer database including visitor behavior which are crucial in developing its online product, pricing and promotional strategy; and

iv. **Efficiency**: Allow merchants who are running an eStore at HKTVshops and eStore at HKTVmall as a marketplace to manage product portfolio and inventory through a single merchant management system.

For successful registration at HKTVshops by end of June 2023, we shall charge an annual fee of HK$1,999 and on order basis, a commission at 4% of order value for HKTVshops merchants.

(d) **Patented Fully Automated Retail Store and System** — Target to launch the first pilot store around the mid of 2023 if no further technical or regulatory issue. In the meantime, the Hong Kong and the United Kingdom engineering team is in the process of enhancing and upgrading machine design and capability and preparing for mass production.

To actualize new venture project development, certain investments are required to make before proving its viability. In 2023, we expect the Technology business and New Venture projects in total may incur an adjusted EBITDA loss of approximately HK$140 million. We will closely monitor the new venture project development and will perform a full review on each project in 2 years' time to redefine its next move.

Update on Core CAPEX Plan for Fulfilment Capacity Expansion

In 2021 annual report, we announced a 5-year CAPEX plan for sustaining Ecommerce business mid-term target to achieving HK$12.0 billion to HK$15.0 billion GMV on order intake by 2026. In order to achieve this target as well as to prepare for further growth capacity, we preliminarily planned to invest approximately HK$860.0 million for the consent fee for converting entire site at Tseung Kwan O headquarters to permit for Ecommerce and Technology use and for the construction costs of expanding our self-owned infrastructure at Tseung Kwan O headquarters by phases in 5 years' time. Together with the plan to add additional fulfilment facilities under long term leases, we expect to expand the total automated fulfilment capacity from 570,000 square feet to over 900,000 square feet over time.

A year passed, we hereby summarised the progress and update on CAPEX plan as below, subject to future inflation and market conditions:

(a) During the year, we have settled the consent fee with Hong Kong Science & Technology Parks Corporation for converting the entire site at Tseung Kwan O headquarters to permit for Ecommerce and Technology use;

(b) A long lease for additional floor with gross floor area of approximately 144,000 square feet in Tsing Yi fulfilment center was added and taken up in October 2022 for our first 3PL automated fulfilment center. We are investing approximately HK$120 million (including committed CAPEX made in 2022) for deployment of automated system and other related CAPEX items therein. The deployment is now in full force of installation and commissioning and target to be fully launched by July 2023 and be able to handle approximately 100,000 SKUs; and

(c) Tseung Kwan O headquarters expansion plan

i. Phase 1: In progress to adding additional floor on top of the existing fulfilment center of approximately 33,000 square feet, which is targeted to be completed by 2Q2024 and is estimated to invest approximately HK$140 million for construction (including committed CAPEX made in 2022) and HK$70 million for machineries. Upon completion, it can approximately double the Group's current parcel sorting capacity;

ii. Phase 2: Under planning to mainly converting existing 30,000 square feet facilities for loading and unloading processes and pallet storage purpose, which is targeted to be completed by 3Q2024 and is preliminarily estimated to invest approximately HK$55 million for construction costs;

iii. Phase 3: Under planning to build a new block of fulfilment center of approximately 200,000 square feet including approximately 170,000 square feet for efulfilment which will be 2 times of the 3PL capacity currently under development in our Tsing Yi fulfilment center targeting to be completed by 2027, with final gross floor area and design subject to business need and market conditions. The preliminary estimated CAPEX is HK$650 million for construction and another HK$200 million for machineries.

With the above updates on the core CAPEX plans on infrastructure and facilities, we updated our 5-year CAPEX Plan for Tseung Kwan O headquarters expansion from 2023 onward to approximately HK$1,115 million mainly for construction and machinery costs.

Apart from the above, we are also exploring the possibility to acquire a piece of land in the northern part of New Territories for building another automated fulfilment center to prepare for business expansion. The decentralized fulfilment hubs design can also enable us to shorten the entire fulfilment lead time to better serve our customers.

TALENT REMUNERATION

Including the Directors, as at 31 December 2022, the Company had 2,186 permanent full-time Talents versus 2,083 as of 31 December 2021. 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 option 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 and the United Kingdom during the period from 1 January 2022 to 31 December 2022 ("Reporting Period").

Reporting Standards

This Report is prepared in compliance with the ESG Reporting Guide under Appendix 27 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 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, by reference to some initiatives which had already been partly implemented by the Group in or prior to the Reporting Period, identified in this Reporting Period for more comprehensive implementation in the future reporting years.

	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 done	• 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 and coffee capsules recycling schemes, in partnership with our suppliers	• Pilot 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 • Other measures include 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	• This continues to be in force • Issued revised packaging guideline to merchants to avoid over packaging • We may consider lowering our commission rate for qualified merchants or pinning their advertisements

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 recognises that stakeholders play an important role in our success and is possible to influence our business operation. Factoring in the different modes of engagement with such stakeholders depending on the business relationship, we have deployed various one-way and two-way communication channels to effectively communicate with them.

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	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 announcements	Company's website and social media Industry conferences Seminars, webinars and workshops Email System notifications Onsite visits Product rating and comments eNewsletters	Company's website and social media Seminars Email, chatbot, instant messaging and hotline Product rating and comments eNewsletters	Company's website and social media

MATERIALITY ASSESSMENT

In order to identify and prioritise ESG issues for implementation purposes, the Group has, with the advice from an external ESG consultant, completed the following critical steps.

Identification

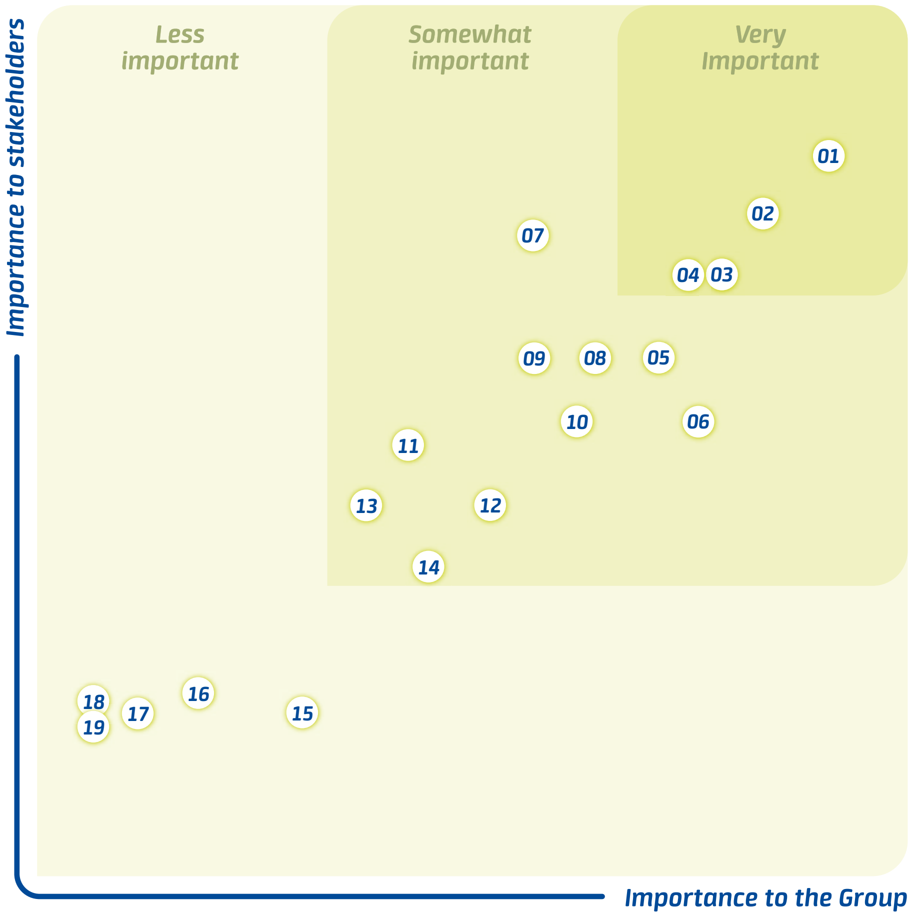
1 Based on the market trends, standards, media coverage, benchmarking analysis and insights, 19 ESG related issues were identified.

Prioritization

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.

Validation

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

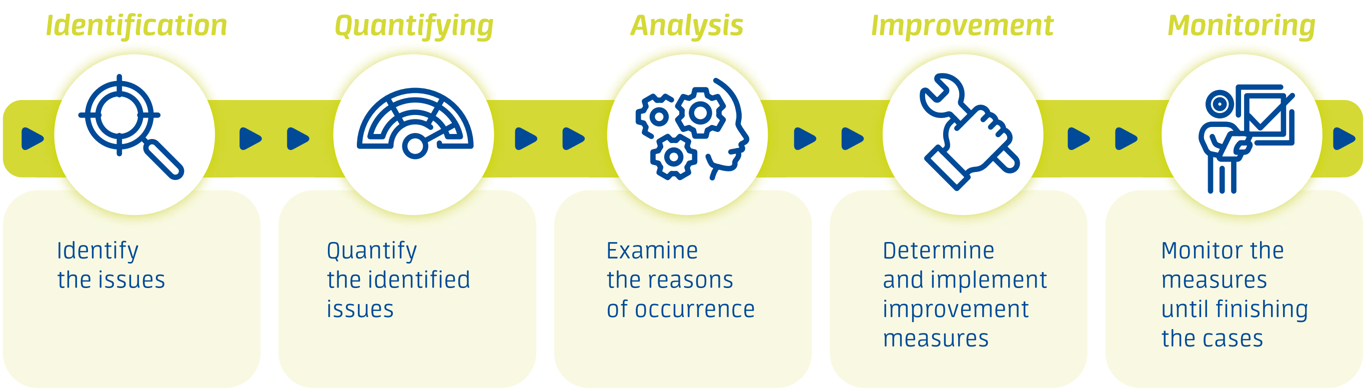
OPERATION ETHICS

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. A total of 3,914 (2021: 2,377) products were recalled due to health and safety reasons during the Reporting Period.

	2022	2021
Products sold	**135,106,131**	107,855,960
Products recalled	**3,914**	2,377
Percentage	**0.003%**	0.002%

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 307,659 (2021: 242,407) complaints and requests 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 a topic we equally focus on. We deployed various measures to ensure products designed and developed by ourselves do not unintentionally infringe third-party intellectual property rights. For example, we conduct trademark searches before rolling out self-developed marks. We also contractually require our merchants to respect and comply with the applicable intellectual property laws, regulations and standards.

Protection of Customers' Information and Privacy

Protection of personal information, whether it is of the customer's or our Talent's, is at the centre of our heart.

We have published the privacy policy 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.

Internally, we have issued relevant policies and procedures for personal data handling.

We also conduct internal training sessions from time to time to enhance awareness with regard to the importance of customer data protection.

From a cybersecurity aspect, during the Reporting Period, we set up our in-house cybersecurity team with experts to conduct reviews with continuous upgrade and enhancement measures executed hand-in-hand. We implemented a cybersecurity enhancement project to further strengthen our cybersecurity capabilities by means of various security control activities such as the establishment of 24-hour managed security operation centre, deployment of endpoint security software and conducting security assessment by a certified third-party organisation.

Anti-corruption

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

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

If there is any suspected case, 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 or any of the Executive Directors or Talent Management Department. Under the protection of Company Policy and Code of Business Conduct and Ethics, that information of the whistleblower is kept confidential. Investigation is carried out with a fair and zero tolerance attitude to all violations of bribery, fraud, corruption and money laundering offences. All reports are handled with care and fairness 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 and support our Talents to adhere to the internal and external anti-corruption policies and regulations. During the Reporting Period, our employees received a total of 243 training hours in anti-corruption. We did not receive any reported cases regarding unethical operating practices during the Reporting Period.

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:

Receive tenders

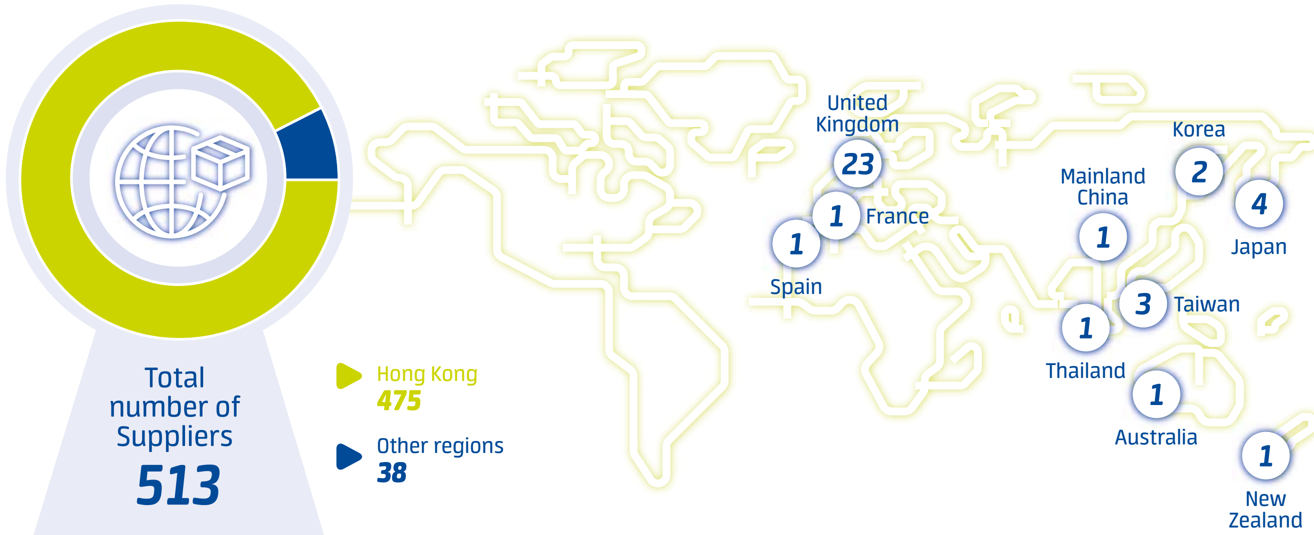
Conduct quality assurance review checklist

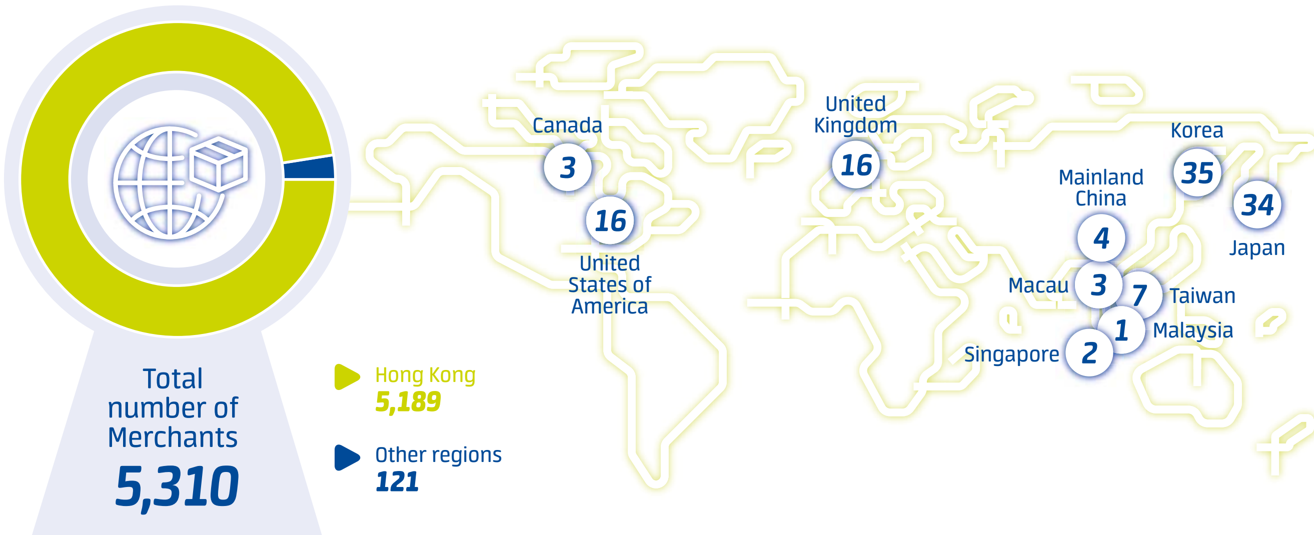
Review company background and registration

Request sample testing practice for food items

Obtain certificates and laboratory tests results for OEM products

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 513 (2021: 534) suppliers and 5,310 (2021: 4,600) merchants. All of them were engaged and selected according to the established procedure. The total number and breakdown of suppliers and merchants are set out below.





PEOPLE-ORIENTED

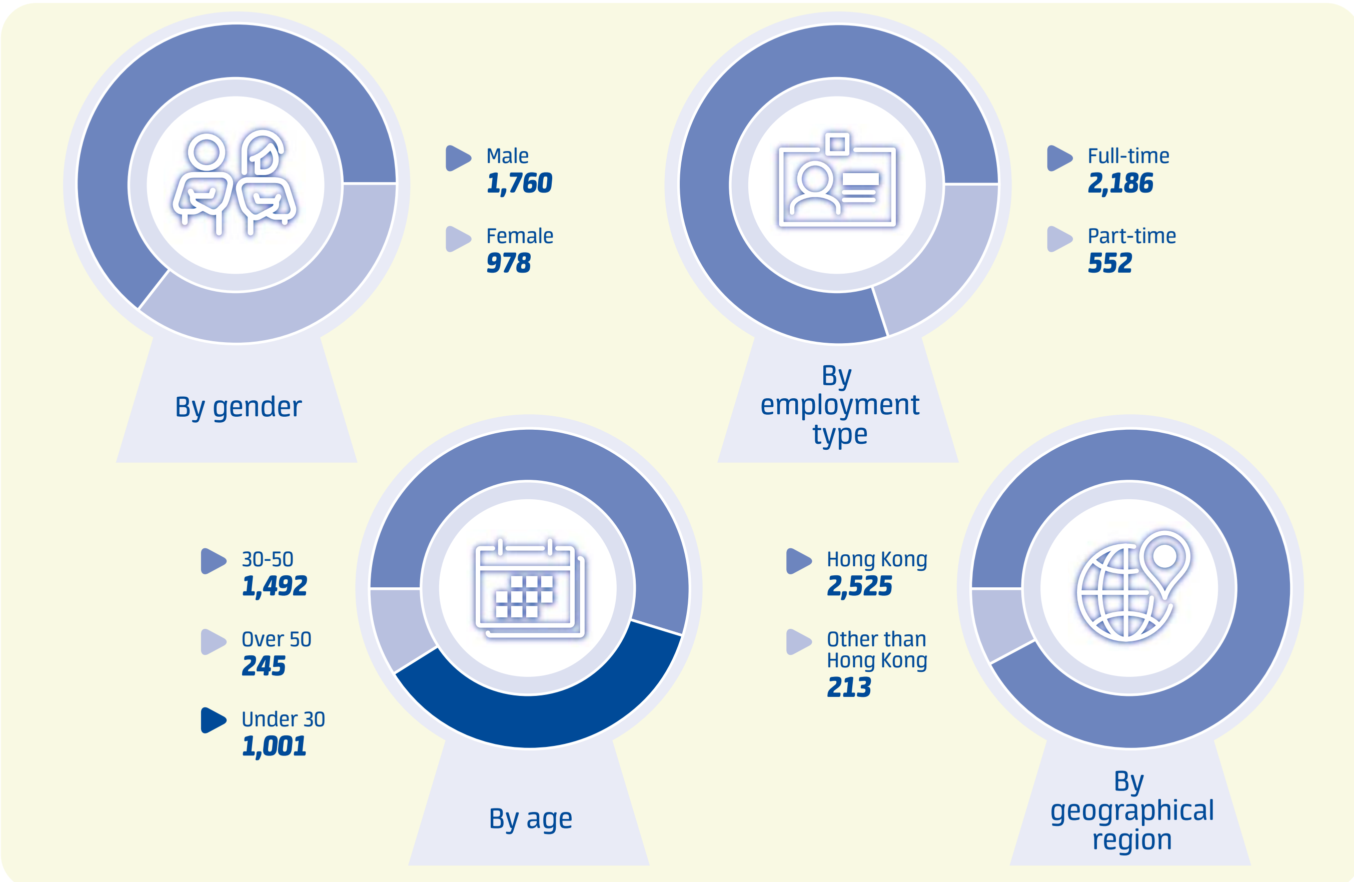
Talents Management

Our employees are termed as "Talents", who are the cornerstone of our business. As the largest online shopping mall in Hong Kong and newly started 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, 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.

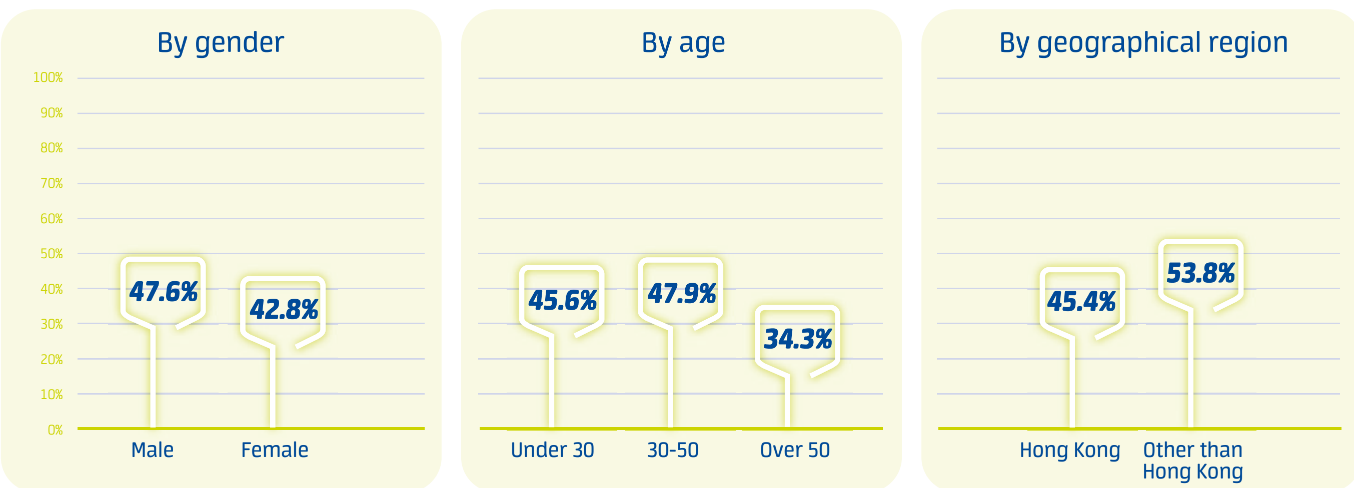
To attract and retain our Talents to support our business development and maintain high-quality service, we regularly update and improve our policies and measures to provide competitive remuneration packages for our current or potential Talents. They are offered a comprehensive package including various leave arrangements such as annual leave, birthday leave and family care leave, flexible working hours, shuttle bus service, shopping discounts and types of allowances and insurances. Starting from June 2022, we adopted a hybrid work policy for office Talent to choose up to 2 days a week to work from home. This hybrid work policy enables more flexibility in working arrangements for our Talents. 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 all 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: 2,738 (2021: 2,272)



Voluntary Turnover Rate within the Reporting Period: 45.9% (2021: 52.4%)

This turnover rate is mainly due to the high turnover rate at O2O shops, logistics and fulfilment and customer services functions within the Reporting Period.



Explanatory note:
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 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
- Fully 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

With the multiple outbreaks of COVID-19 in recent years, we placed added importance on the health and safety of our Talents and have implemented measures to protect them from the pandemic.

Personal health and safety

- Mandatory temperature check and disinfection of hands and footwear upon entry of Talents and visitors
- Request wearing protective equipment properly during work or visits
- Remind to avoid having meals face-to-face with each other

Disinfection

- Carry out regular cleaning and disinfection
- Implement work from home policy for non-frontline Talents
- Provide hotel quarantine options for frontline Talents
- Set up partitions at the canteen in Tseung Kwan O headquarters to avoid dining face-to-face

Total lost days due to work-related injuries

16,083 days

(2021: 21,843 days)

Past three years work-related fatalities

2020	2021	2022
0	0	0

Acquisition and Training

Acquisition

We diversify our recruitment channels. We recruit from schools, public and accept internal referrals.

We held two "HKTV Open Day" during the Reporting Period to recruit different functions of Talents and received great responses and success.

Talent Acquisition

- To cope with the Group's rapid business development, we focus on recruiting Talents for our Logistics and Fulfilment, O2O shops and Research and Development functions. Other than job postings at various recruitment websites, career talks at tertiary schools and proactive target talent search, we also organised various events, such as Open Recruitment Day and O2O recruitment day, and used social media platforms to attract Talents for 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 continuedly recruited programmers, quality assurance engineers, system and mechanical engineers and full stack developer, to continue strengthening our technical development capability.
- To bring fresh graduate Talent acquisition process well ahead of university graduation, we organised an internship program. This internship opportunity gives chances for university students to practice and learn in a real workplace and provides us opportunities to identify the best students to build the next leadership pool. On the one hand, the interns can bring their classroom knowledge to our workplace to practice and enhance their skills. On the other hand, this program offers them the first-hand experience of our company culture and business operations. This program builds a pipeline of candidates to our Management Trainee Program and Graduate Trainee Program. In 2022, interns joined our Customer Service, Finance, Merchant Partnership, Product Management, Product Marketing and Software Quality Assurance functions during their summer break to equip skills and experience on Ecommerce and Technology industries.

Management Trainee Program

- Management Trainees are selected and assessed by a series of processes, including written test, aptitude test, panel group interview, interview with Group CEO and adventure day. We review the trainees' performance regularly for continuous improvement as well as to mould them to fit into the Group's culture as quickly as possible.
- Our Management Trainee Program aims to develop a distinguished Talent pool for the future C-level corporate executives ("CXO") in 18-24 months. Management Trainees are offered with cross-departmental attachment to equip knowledge on different functions, including Logistics and Fulfilment, International Business, Marketing, Product Management, Merchant Acquisition, Merchant Relation, Quality Assurance, etc. Moreover, interactive classroom training, on-the-job coaching and action learning are provided together with the management shadowing for long-term role modelling and immediate company culture nurturing. They will be assigned challenging projects to drive for change and innovation in different functions. They are expected to identify problems, conduct research, seek resources and initiate their own cross-department project from fresh eyes. Through originating, planning and executing new initiatives identified by themselves, they can also develop strong and effective project management and leadership skills when they are young.

Graduate Trainee Program

- Graduate trainee program aim to groom in-house expertise on different functions.
- Beyond the program for Management Trainees, we also provide opportunities for Talents in specialised roles and functions. The program is for 15-24 months. Our Graduate Trainees are offered with training opportunities of different functions in a specific department, including Logistics and Fulfilment, O2O shop operation, Customer Service and Product Marketing. It helps to develop industrial knowledge and enhance their management and leadership capabilities as future leaders of 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

Same as our frontline Talents, we provided orientation workshops to Office-based Talents to introduce the Group background, culture, key policies and procedures, etc. Moreover, regular learning and development activities, including soft skills, policy and rules, sports-related and personal interests, etc., are provided to Talents. Team building activity is another development tool used to enhance the bonding and relationship between team members so as to increase the team spirit and work efficiency.

All Talents

During the Reporting Period, we launched a new 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 sprit. Workshops and trainings are conducted on various perspectives to all Talents including for

1. Health and wellness, such as EQ management workshop, stress management and stay positive workshop, etc.,
2. Personal growth, such as smart investment attitude workshop, active listening and body language workshop, DiSC workshop, etc.
3. Sports and interests, such as bouldering experience workshop, video editing workshop, wine tasting classes, etc.
4. Knowledge and skills, such as practical interviewing skill workshop, effective work webinar, etc.

- Apart from these training activities, we also organised competitions and activities, such as Table Tennis Competition and team building activities, to promote a healthy and wellness atmosphere in the working environment.
- Compliance workshops such as ICAC Sharing, ESG Reporting, Data Protection Refreshment, etc., were conducted 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 2022, 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.
- For our Supervisory and Managerial Talents, during 2022, IT, Logistics and Fulfilment supervisory workshops were conducted to enhance their management skill sets. A new program was started since 2021 — New Manager Development Program — a program specifically designed for newly promoted managers on how to become an effective and efficient manager.

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 online 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

- Embedded with Always Something New DNA, the Group always launches new business initiatives. In order to enable the relevant Talents and business partners to get familiar with the new development, including purpose and use, workshop is conducted for new product briefing to ensure a smooth and effective product launch.
- During 2022, a new business Everuts was launched. This is a hassle-free, secured platform to connect the global shoppers with the customers and providing the purchasing services worldwide.

Inter-departmental sharing

To enrich the cross departmental understanding and knowledge, our Departmental Sharing sessions and Be a Coach training departmental 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.

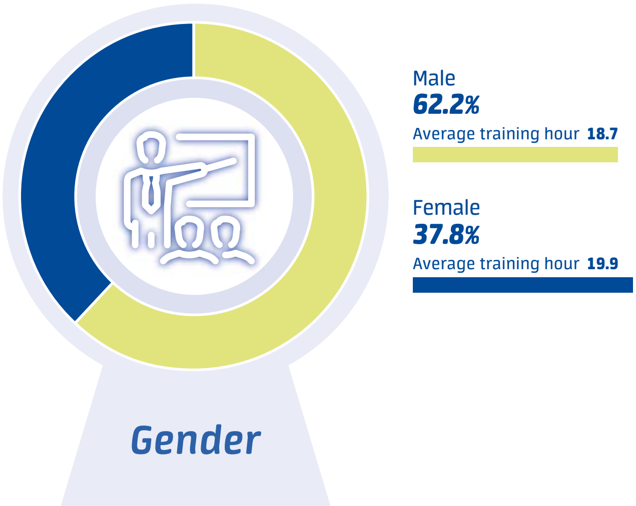
New normal series

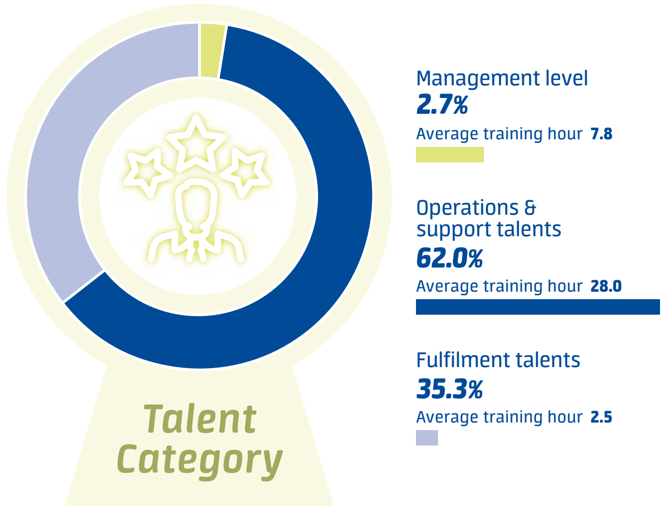
As affected by COVID-19 since 2020, we organised workshops to relieve the stress and pressure from the uncertainty and health concerns. Talents are always welcome to join our workshops on all kinds of topics, such as stress management and work efficiency, with the expectation of staying positive and 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 experiential 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:





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 Ecommerce 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
- Donate goods from cancelled orders or with outer packaging issues that are still of good consumption quality

Recycling

- Collect and recycle milk powder cans from internal and external stakeholders
- Collect and recycle used coffee capsules at selected O2O shops
- Recycle unwrapped cardboards and used plastic materials

Disposal

- Hire external handlers for proper and legal handling of non-recyclable waste
- Hire licensed 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.

Hazardous Waste

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

Non-hazardous Waste

The Group periodically collect and classify the non-hazardous waste and find qualified third party to handle the wastes. In 2022, the Group has expanded its reporting scope to cover the general waste data in the UK. Given an increase in the sales volume and operations, the amount of total non-hazardous waste slightly increased but the intensity decreased.

Non-hazardous wastes (in tonnes)	2022	2021
General waste	**92.65**	N/A
Recycled paper	**565.72**	653.76
Recycled plastic	**454.79**	395.16
Total non-hazardous waste	**1,113.16**	1,048.92
Non-hazardous waste intensity (in tonnes/$ million GMV on completed orders)	**0.14**	0.16

Paper Consumption

Due to the enlarged fulfilment centre and O2O shop operations, the copy paper consumption was larger than 2021 but the intensity remains.

Paper consumption (in tonnes)	2022	2021
Copy paper	**17.81**	12.04
Paper consumption intensity (in tonnes/$ million GMV on completed orders)	**0.002**	0.002

Packaging Material

The Group has upgraded the packaging system to consume fewer packaging materials than before. During the reporting period, the total packaging materials used for finished products was lower than 2021. Also, the Group disposed of 625 (2021: 401.40) tonnes of pallets in 2022.

Packaging materials (in tonnes)	2022	2021
Total packaging materials used for finished products[13]	**930.07**	1,013.09
Packaging material intensity (in tonnes/$ million GMV on completed orders)	**0.114**	0.156

Advertising Materials

The advertising materials significantly decreased as the Group has made efforts transforming to digital marketing to reduce the material consumption.

Advertising materials (in tonnes)	2022	2021
Total advertising materials used[14]	**23.17**	52.17
Advertising material intensity (in tonnes/$ million GMV on completed orders)	**0.003**	0.008

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, even though with increasing demand for cleansing to maintain the standards of hygiene, especially under the COVID-19 pandemic, the total water consumption decreased due to our measures for water saving and avoidance of wastage.

Water consumption (in cubic metres)	2022	2021
Total water consumption	**19,415**	20,104
Water consumption intensity (in cubic metres/$ million GMV on completed orders)	**2.37**	3.10

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.

13 Includes paper 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.

14 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 Ecommerce 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 have launched 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 2022, 98% (2021: 97%) of vehicles in our delivery fleet were compliant with Euro 5 or Euro 6 standards, or zero-emission vehicles. We are also exploring the use of electric vehicles as a means to reduce GHG emissions.

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. With the enhancement of data collection system, the total emissions increased by around 10% but in a more efficient manner with expanded business operations.

Greenhouse gas emissions[15] (in tonnes of CO2-e)	2022	2021
Scope 1		
Mobile sources combustion[16]	**4,721.44**	4,108.38
Releases from equipment and systems[17]	**1,041.25**	788.55
Scope 2		
Purchased electricity	**7,472.12**	7,089.03
Total greenhouse gas emissions	**13,234.81**	11,985.96
Greenhouse gas intensity (in tonnes of Co_2 equivalent/$ million GMV on completed orders)	**1.62**	1.85

For the air pollutants, the nitrogen oxides, sulphur oxides and respirable suspended particles increased by around 16.4%, 12.5% and 16.0% respectively.

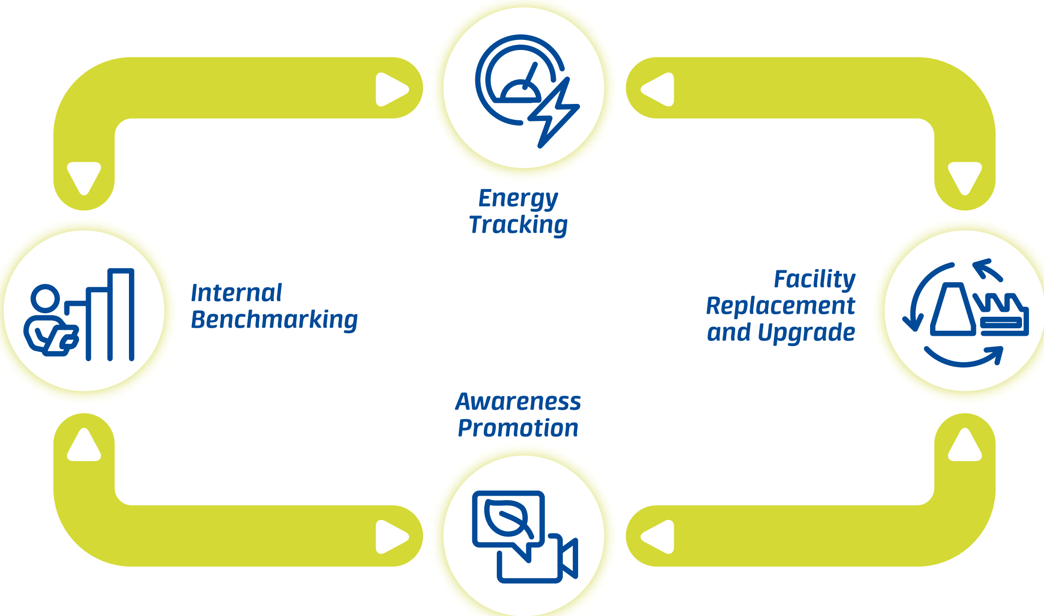
Air pollutants[18] (in kg)	2022	2021
Nitrogen oxides	**24,661**	21,193
Sulphur oxides	**27**	24
Respirable suspended particles	**1,174**	1,012

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

15 Calculated with reference to HKEX "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".
16 Includes diesel combusted by company owned vehicles.
17 Includes R404A refrigerant emissions.
18 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 2022, the total energy consumption is as follows. Due to the increasing use of delivery vehicles, additional fulfilment centre and O2O shop expansion with the growth in customer orders and that the Group has expanded its reporting scope to cover LPG consumption data used by forklift in our UK operation, the total energy consumption increased by around 10% but the intensity was on a declining trend.

Energy consumption (in kWh)	2022	2021
Direct energy consumption		
Diesel	**17,342,093**	15,200,671
LPG	**692**	NA
Indirect energy consumption		
Electricity	**18,680,325**	17,454,723
Total energy consumption	**36,023,110**	32,655,394
Energy intensity (in kWh/$ million GMV on completed orders)	**4,399**	5,028

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.

To help the needy in our society, in 2022, we donated 10 tonnes of food and consumables to various organisations, such as The Church of Christ in China Tin King Mission, Feeding Hong Kong and St. Joseph’s Home for the Aged, for the good sake of our neighbours.

In October 2022, a calories-to-food event was held. The event was kicked off by encouraging our Talents to have exercises, in parallel to every 1 calorie burnt by our Talents, 10g of food will be donated to the food rescue and food assistance organization “Food Angel”. Finally, our Talents have burnt 17,700 calories in total and HKTV have donated 200kg of food, including fish fillet and vegetables, and an extra of 100kg of rice which was supported by our valued merchant to Food Angel.

The event was followed by a “Food Angel Experience Day”, with a volunteer team of 16 Talents gathered at the Chai Wan kitchen of Food Angel to help preparing lunch boxes with the food we donated to further spread love and care to the needs. Our Talents tried their best and prepared 2,201 meal boxes in 2 hours.

We value the needs and voices from all sectors of the community and strive to enhance their standards of living. Looking forward, we will make good effort to continue helping the development of our community.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHEUNG Chi Kin, Paul

Chairman

aged 65, 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 61, 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 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 48, 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 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, and a member of the Accountancy Training Board for Vocational Training Council since April 2019.

Mr. LAU Chi Kong

Chief Executive Officer (International Business)

aged 41, 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 41, 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 76, 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 the Commission of International Aids and Development of St. Vincent de Paul, Council General, which is an international charity body with its head office in Paris, France. He is a member of the Parish Council of St. Anthony's Church in Hong Kong.

Profile of Directors and Senior Management

Mr. PEH Jefferson Tun Lu

aged 63, 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.

Mr. MAK Wing Sum, Alvin

aged 70, 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 and Luk Fook Holdings (International) 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.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2022 ("FY2022").

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 14 to the Listing Rules as its corporate governance code of practices.

Throughout FY2022, the Company had complied with the applicable code provisions as set out in the CG Code.

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 10 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 FY2022 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 eight Directors with five Executive Directors and three Independent Non-executive Directors. The composition of the Board during FY2022 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

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 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 (continued)

(ii) Board Composition (continued)

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 56 to 58 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, Ms. Wong Nga Lai, Alice, Mr. Lau Chi Kong and Mr. Lee Hon Ying, John 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 Officer

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 FY2022, the Board held nine 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	9/9
Mr. Wong Wai Kay, Ricky	9/9
Ms. Wong Nga Lai, Alice	9/9
Mr. Lau Chi Kong	9/9
Ms. Zhou Huijing	9/9
Independent Non-executive Directors	
Mr. Lee Hon Ying, John	9/9
Mr. Peh Jefferson Tun Lu	9/9
Mr. Mak Wing Sum, Alvin	9/9

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 six 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 2022, we maintained a 36:64 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 28 March 2023, 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	✔

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 three members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin, 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 an external audit firm.

The Audit Committee held four meetings during FY2022. Executive Directors, internal auditors 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 2021 and for the six months ended 30 June 2022;

(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 2021 and review of the Company's interim financial report for the six months ended 30 June 2022; 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)*	4/4
Mr. Peh Jefferson Tun Lu	4/4
Mr. Mak Wing Sum, Alvin	4/4

(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 three members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin. 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:

- 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

(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 three members, namely, Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu, and Mr. Mak Wing Sum, Alvin. 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.

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.

BOARD COMMITTEES (continued)

(iii) Remuneration Committee (continued)

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 FY2022 is set out in note 10 to the financial statements.

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

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

(ii) 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)*	1/1
Mr. Peh Jefferson Tun Lu	1/1
Mr. Mak Wing Sum, Alvin	1/1

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 FY2022. 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 FY2022 is set out in the "Independent Auditor's Report" on pages 84 to 88 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 8 June 2022 ("2022 AGM").

For FY2022, 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$3,280,000. Details are set out below:

Type of Services	FY2022 HK$'000
Audit and audit related services	3,000
Non-assurance services	
— Tax compliance	230
— Agreed upon procedures on annual results announcement	50
Total	3,280

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 56 to 58 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 FY2022, 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.

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 2022 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 2022 AGM.

During the year under review, the attendance records of the Directors at the 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

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

A special resolution was passed at the annual general meeting held on 8 June 2022 to adopt the amended articles of association of the Company in order to (i) reflect and align with the latest legal and regulatory requirements, including the relevant requirements of the Listing Rules and the Companies Ordinance; and (ii) make certain other housekeeping changes.

A copy of the amended articles of association of the Company is posted on the website of the Stock Exchange and the Company.

Report of the Directors

The Directors submit herewith their annual report together with the audited consolidated financial statements for FY2022.

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, multimedia production and other related services; and (ii) 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"[19] and "Management's Discussion and Analysis"[20] 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"[21] 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"[20] and "Environmental, Social and Governance Report"[22] 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. Through the initiatives taken to control electricity consumption by using energy-efficient retrofits and air-conditioning and lighting control measures in workplaces, we have seen continued improvement in reducing the use of electricity.

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 of the Group's business 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" section of this annual report for details.

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19 See pages 14 to 18
20 See pages 20 to 36
21 See pages 31 to 32
22 See pages 37 to 55

Report of the Directors

FINANCIAL STATEMENTS

The profit of the Group for FY2022 and the financial position of the Company and the Group as at that date are set out in the "financial statements"[23] of this annual report.

ANALYSIS ON FINANCIAL PERFORMANCE

Please refer to the sections headed "Operational Highlights"[24], "Financial Highlights"[25] and "Management's Discussion and Analysis"[20] 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) Company's prevailing and expected results of operations and profitability;

(ii) Liquidity position;

(iii) Capital investment plans (including investment opportunities and development plans); and

(iv) Market conditions.

An interim cash dividend of HK8 cents (six months ended 30 June 2021: HK8 cents) per ordinary share of the Company ("Share") was paid on 13 October 2022.

The Board does not recommend the payment of final dividend for FY2022 (for the year ended 31 December 2021: nil) to retain liquidity for 5-year fulfilment construction, machinery and related CAPEX plan and new ventures investment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023, 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 AGM.

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 Monday, 26 June 2023.

[23] See pages 89 to 156
[24] See page 2
[25] See page 3

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$128,000 (2021: HK$416,700).

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 section headed "Share Option Schemes"[26] 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 2022, calculated in accordance with the provision of Part 6 of Companies Ordinances (Cap. 622) of the laws of Hong Kong, amounted to approximately HK$1,644,010,000 (2021: HK$1,772,803,000).

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 157 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2022.

GROUP'S BORROWINGS

The Group had no outstanding borrowings as at 31 December 2022 and 2021.

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

In accordance with Articles 96 and 99 of the Articles, Ms. Wong Nga Lai, Alice, Mr. Lau Chi Kong and Mr. Lee Hon Ying, John will retire from office by rotation at the forthcoming AGM and, being eligible, have offered themselves for re- election.

[26] See pages 77 to 81

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"[27] 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 FY2022 are set out in note 10 to the financial statement.

2. The annual Director's fee of Mr. Lee Hon Ying, John has been adjusted from HK$280,030 to HK$294,030 with effect from 1 September 2022.

3. The annual Director's fee of Mr. Peh Jefferson Tun Lu has been adjusted from HK$262,750 to HK$275,890 with effect from 1 September 2022.

4. The annual Director's fee of Mr. Mak Wing Sum, Alvin has been adjusted from HK$262,750 to HK$275,890 with effect from 1 September 2022.

5. The monthly base salary of Ms. Zhou Huijing has been adjusted from HK$200,000 to HK$458,333 with effect from 1 January 2023.

6. The monthly base salary of Ms. Wong Nga Lai, Alice has been adjusted from HK$200,000 to HK$250,000 with effect from 1 April 2023.

7. The monthly base salary of Mr. Lau Chi Kong has been adjusted from HK$200,000 to HK$220,000 with effect from 1 April 2023.

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

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.

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[27] See pages 56 to 58

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

At 31 December 2022, 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	6.54%
Mr. Wong Wai Kay, Ricky	–	355,051,177 Note (2)(ii)	–	355,051,177	10,000,000	365,051,177	39.55%
Ms. Wong Nga Lai, Alice	50,000	–	–	50,000	4,000,000	4,050,000	0.44%
Mr. Lau Chi Kong	–	–	–	–	4,000,000	4,000,000	0.43%
Ms. Zhou Huijing	–	–	–	–	3,500,000	3,500,000	0.38%

Notes:

(1) This percentage is based on 923,089,993 ordinary shares of the Company issued as at 31 December 2022.

(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 2022, 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).

SHARE OPTION SCHEMES (continued)

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.

The shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the 2012 Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

(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 2022 are as follows:

Participants	Date of grant	Exercise price per share HK$	Balance as at 1 January 2022	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Balance as at 31 December 2022	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	3,090,000	–	500,000 (Note 2)	–	2,590,000	21 February 2017 to 28 February 2018	1 March 2018 to 20 February 2027
	27 December 2019	3.420	5,144,150	–	1,359,150 (Note 3)	25,100 (Note 4)	3,759,900	27 December 2019 to 31 December 2020	1 January 2021 to 26 December 2029
	27 December 2019	3.420	10,121,750	–	4,065,900 (Note 5)	47,350 (Note 6)	6,008,500	27 December 2019 to 31 December 2021	1 January 2022 to 26 December 2029
	14 January 2020	3.840	500	–	500 (Note 7)	–	0	14 January 2020 to 31 December 2020	1 January 2021 to 13 January 2030
	14 January 2020	3.840	157,500	–	157,500 (Note 8)	–	0	14 January 2020 to 31 December 2021	1 January 2022 to 13 January 2030
	31 March 2021	12.788	1,200,000	–	–	–	1,200,000	(Note 9)	(Note 9)
Total			50,606,900	–	6,083,050	72,450	44,451,400		

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$4.26.

3. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$6.67.

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$7.32.

6. The options lapsed during the year under review upon resignation of certain eligible Talents.

7. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$8.25.

8. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$8.07.

9. 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 option 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 90,358,114 shares, representing approximately 9.78% of the issued shares of the Company as at such date.

The shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the 2020 Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the total number of shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

SHARE OPTION SCHEMES (continued)

The 2020 Share Option Scheme (continued)

(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 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 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 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.

During FY2022, no share option has been granted under the 2020 Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes"[26], at no time during FY2022 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 2022, 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	38.46%

Note: This percentage is based on 923,089,993 ordinary shares of the Company issued as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, 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 FY2022.

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.

CORPORATE GOVERNANCE

Throughout FY2022, the Company has complied with the applicable code provisions as set out in the CG Code.

Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 59 to 72 of this annual report.

RETIREMENT SCHEME

Throughout FY2022, 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, 29 March 2023

Independent Auditor's Report

KPMG

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 89 to 156, which comprise the consolidated statement of financial position as at 31 December 2022, 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 to the consolidated financial statements, including a summary of significant accounting policies.

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 2022 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$3,691.1 million for the year ended 31 December 2022, 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' signed 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

29 March 2023

Consolidated Income Statement

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Turnover	2	**3,828,051**	3,130,164
Direct merchandise sales	2	**2,425,620**	2,047,194
Cost of inventories		**(1,819,490)**	(1,575,052)
		606,130	472,142
Income from concessionaire sales and other service income	2	**1,265,444**	991,410
Multimedia advertising income and licensing of programme rights	2	**131,630**	90,667
Technology business income	2	**5,357**	893
Valuation gains on investment properties	12	**650**	16,100
Other operating expenses	4(a)	**(1,868,744)**	(1,602,323)
Other income, net	3	**15,506**	47,126
Finance costs	4(b)	**(13,613)**	(9,915)
Profit before taxation		**142,360**	6,100
Income tax credit	5	**69,844**	8,165
Profit for the year		**212,204**	14,265
Attributable to:			
Equity shareholders of the Company		**212,204**	14,780
Non-controlling interests		**–**	(515)
Profit for the year		**212,204**	14,265
Earnings per share	8		
Basic		**HK$0.23**	HK$0.02
Diluted		**HK$0.22**	HK$0.02

The notes on pages 95 to 156 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Profit for the year		**212,204**	14,265
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)		**(6,851)**	(2,177)
		(6,851)	(2,177)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		**587**	159
Debt securities measured at fair value through other comprehensive income — net movement in fair value reserve (recycling)		**(8,539)**	(5,891)
		(7,952)	(5,732)
Other comprehensive income for the year		**(14,803)**	(7,909)
Total comprehensive income for the year		**197,401**	6,356
Attributable to:			
Equity shareholders of the Company		**197,401**	6,871
Non-controlling interests		**–**	(515)
Total comprehensive income for the year		**197,401**	6,356

The notes on pages 95 to 156 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Non-current assets			
Property, plant and equipment	12	**1,971,551**	1,751,803
Intangible assets	13	**103,209**	71,343
Long-term receivables, deposits and prepayments		**147,194**	65,403
Other financial assets	16	**292,791**	268,733
Deferred tax assets	22(a)	**81,252**	9,952
		2,595,997	2,167,234
Current assets			
Other receivables, deposits and prepayments	17	**121,175**	155,379
Inventories and other contract costs	15	**144,791**	134,128
Other current financial assets	16	**51,742**	175,305
Cash and cash equivalents	18	**705,807**	624,247
		1,023,515	1,089,059
Current liabilities			
Accounts payable	19	**354,627**	254,004
Other payables and accrued charges	19	**443,665**	409,462
Deposits received		**5,757**	5,757
Tax payable		**611**	2,381
Lease liabilities	20	**164,098**	125,405
		968,758	797,009
Net current assets		**54,757**	292,050
Total assets less current liabilities		**2,650,754**	2,459,284

Consolidated Statement of Financial Position

As at 31 December 2022 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Non-current liabilities			
Deferred tax liabilities	22(a)	**1,566**	1,391
Lease liabilities	20	**440,395**	396,625
		441,961	398,016
NET ASSETS		**2,208,793**	2,061,268
CAPITAL AND RESERVES			
Share capital	21(b)	**1,800,972**	1,774,173
Reserves		**407,821**	287,610
Total equity attributable to equity shareholders of the Company		**2,208,793**	2,061,783
Non-controlling interests		**–**	(515)
TOTAL EQUITY		**2,208,793**	2,061,268

Approved and authorised for issue by the board of directors on 29 March 2023.

Cheung Chi Kin, Paul
Director

Wong Wai Kay, Ricky
Director

The notes on pages 95 to 156 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
		Share capital	Retained profits	Revaluation reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Exchange reserve	Capital reserve	Other reserve	Total	Non-controlling interests	Total equity
	Note	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2021		1,747,693	123,544	183,338	3,546	(1,780)	(157)	43,330	(1,826)	2,097,688	–	2,097,688
Changes in equity for 2021:												
Profit for the year		–	14,780	–	–	–	–	–	–	14,780	(515)	14,265
Other comprehensive income	7	–	–	–	(5,891)	(2,177)	159	–	–	(7,909)	–	(7,909)
Total comprehensive income		–	14,780	–	(5,891)	(2,177)	159	–	–	6,871	(515)	6,356
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		–	(22)	–	–	22	–	–	–	–	–	–
Shares issued under share option scheme	21(c)	26,480	–	–	–	–	–	(4,946)	–	21,534	–	21,534
Equity settled share-based transactions	4(c)	–	–	–	–	–	–	9,025	–	9,025	–	9,025
Dividend paid	6	–	(73,335)	–	–	–	–	–	–	(73,335)	–	(73,335)
Balance at 31 December 2021 and 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		1,800,972	203,377	183,338	(10,884)	(10,751)	589	44,493	(2,341)	2,208,793	–	2,208,793

The notes on pages 95 to 156 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Net cash generated from operating activities	23(a)	**554,001**	247,049
Investing activities			
Payment for the purchase of other financial assets		**(121,234)**	(143,628)
Proceeds received from disposal of other financial assets		**141,465**	15,564
Proceeds received from disposal/maturity of debt securities		**7,847**	12,383
Payment for the addition to intangible assets		**(43,283)**	(23,664)
Interest received		**16,774**	13,745
Dividend and investment income received		**6,076**	5,251
Payment for the purchase of property, plant and equipment		**(276,209)**	(150,920)
Acquisition of a subsidiary	23(d)	**–**	(118,029)
Proceeds received from disposal of property, plant and equipment		**1,236**	1,285
Net cash used in investing activities		**(267,328)**	(388,013)
Financing activities			
Capital element of lease rentals paid	23(b)	**(137,998)**	(114,297)
Interest element of lease rentals paid	23(b)	**(13,122)**	(9,355)
Proceeds from shares issued under share option scheme	21(c)	**19,886**	19,673
Dividend paid	6	**(73,759)**	(73,335)
Net cash used in financing activities		**(204,993)**	(177,314)
Net increase/(decrease) in cash and cash equivalents		**81,680**	(318,278)
Cash and cash equivalents at 1 January		**624,247**	942,479
Effect of foreign exchange rate changes		**(120)**	46
Cash and cash equivalents at 31 December		**705,807**	624,247

The notes on pages 95 to 156 form part of these financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT 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"), accounting principles generally accepted in Hong Kong 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. Significant 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. 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 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(e) and 1(f)).

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.

(c) 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Group accounting

(i) Consolidation and non-controlling interests

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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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(e)) 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(j)(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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Group accounting (continued)

(ii) Goodwill (continued)

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(j)(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.

(e) 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(t)(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(t)(vii).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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(t)(vi).

(g) 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(j)(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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other property, plant and equipment (continued)

(ii) Other property, plant and equipment (continued)

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.

(h) 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(u)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(j)(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(j)(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.

(i) 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(i) As a lessee (continued)

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.

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(g) and 1(j)(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(f).

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(e)(i), 1(t)(v) and 1(j)(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(t)(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(i)(i), then the Group classifies the sub-lease as an operating lease.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(t)(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.

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Basis of calculation of interest income (continued)

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.

(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).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

– *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).

– *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(j)(i) and 1(j)(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.

(k) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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(k)(i)), property, plant and equipment (see note 1(g)) or intangible assets (see note 1(h)).

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.

(l) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(t)). 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(m)).

(m) 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(j)(i)).

(n) 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(j)(i).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(p) 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

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.

(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).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) 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(u)).

(s) 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.

(t) 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue and other income recognition (continued)

(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(e)(i)).

(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.

(u) 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.

(v) 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) 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.

(x) 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) 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.

(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 (y)(a).

(vii) A person identified in (y)(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 technology solution business ("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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by nature		
— Direct merchandise sales	**2,425,620**	2,047,194
— Income from concessionaire sales and other service income	**1,265,444**	991,410
— Multimedia advertising income and licensing of programme rights	**131,630**	90,667
— Technology business income	**5,357**	893
	3,828,051	3,130,164
Disaggregated by timing of revenue recognition		
— Point in time	**3,619,126**	2,983,386
— Over time	**208,925**	146,778
	3,828,051	3,130,164

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

No aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at 31 December 2022 (2021: HK$74,107,000).

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Ecommerce business (Hong Kong): The Group's Ecommerce business segment derives revenue from the end-to-end online shopping mall operation, multimedia production and other related services in Hong Kong. These products and services are either sourced externally or are produced in the Group's properties located in Hong Kong.

— Technology business (local and international): The Group's Technology business segment derives revenue from (1) providing technology solution to the Group's Ecommerce business segment or external customer to operate the end-to-end online shopping mall operation; (2) performing research and development activities on retail technologies, and operating business by adopting the retail technologies globally.

(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 2022 and 2021 is set out below.

For the year ended 31 December	Ecommerce business		Technology business		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Disaggregated by timing of revenue recognition						
Point in time	**3,619,126**	2,983,386	**–**	–	**3,619,126**	2,983,386
Over time	**203,568**	145,885	**5,357**	893	**208,925**	146,778
Revenue from external customers	**3,822,694**	3,129,271	**5,357**	893	**3,828,051**	3,130,164
Inter-segment revenue	**–**	–	**124,874**	95,549	**124,874**	95,549
Reportable segment revenue	**3,822,694**	3,129,271	**130,231**	96,442	**3,952,925**	3,225,713
Reportable segment profit/(loss) (EBITDA/(EBITDA loss))	**352,246**	107,581	**(21,312)**	(6,509)	**330,934**	101,072
Reportable segment profit/(loss) (adjusted EBITDA/(adjusted EBITDA loss))	**343,982**	112,586	**(6,305)**	(3,763)	**337,677**	108,823
Interest income	**24**	1	**8**	7	**32**	8
Write-off of receivables and other contract costs, net	**(2,712)**	–	**(13,583)**	–	**(16,295)**	–
Inter-segment finance costs	**(5,385)**	(3,702)	**–**	–	**(5,385)**	(3,702)
Depreciation and amortisation for the year (excluded depreciation on other properties leased for own use)	**(109,445)**	(107,379)	**(8,811)**	(4,892)	**(118,256)**	(112,271)
As at 31 December						
Reportable segment assets	**2,040,483**	1,885,236	**207,707**	149,426	**2,248,190**	2,034,662
Additions to non-current segment assets during the year	**258,135**	421,627	**102,760**	51,206	**360,895**	472,833
Reportable segment liabilities	**1,207,252**	1,264,850	**85,170**	45,688	**1,292,422**	1,310,538

(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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Revenue		
Reportable segment revenue	**3,952,925**	3,225,713
Elimination of inter-segment revenue	**(124,874)**	(95,549)
Revenue (note 2(a))	**3,828,051**	3,130,164

	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Profit		
Reportable segment profit (EBITDA)	**330,934**	101,072
Income tax credit	**70,203**	9,295
Interest income	**32**	8
Depreciation — on property, plant and equipment (excluded depreciation on other properties leased for own use)	**(113,249)**	(111,202)
Amortisation of intangible assets	**(4,204)**	(932)
Amortisation of other contract costs	**(803)**	(137)
Unallocated head office, corporate and other net (expense)/income	**(70,709)**	16,161
Profit for the year	**212,204**	14,265

(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 2022 HK$'000	31 December 2021 HK$'000
Reportable segment assets	**2,248,190**	2,034,662
Elimination of inter-segment receivables	**(170,990)**	(151,236)
Unallocated head office and corporate assets and others (included inter-segment loan and investments in financial assets)	**1,542,312**	1,372,867
Consolidated total assets	**3,619,512**	3,256,293

(iv) Reconciliation of reportable segment liabilities

	31 December 2022 HK$'000	31 December 2021 HK$'000
Reportable segment liabilities (included inter-segment loan)	**1,292,422**	1,310,538
Elimination of inter-segment payables	**(170,990)**	(151,236)
Unallocated head office and corporate liabilities and others	**289,287**	35,723
Consolidated total liabilities	**1,410,719**	1,195,025

(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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Bank interest income	**2,140**	152
Dividend and investment income from other financial assets	**6,076**	5,251
Interest income from other financial assets	**13,955**	14,509
Loss on disposal of other financial assets	**–**	(14)
Unrealised fair value losses on units in investment funds measured at FVPL	**(13,263)**	(7,945)
(Provision)/reversal of expected credit losses on debt securities measured at FVOCI	**(42,247)**	592
Rentals from investment properties	**23,774**	23,774
Net exchange (loss)/gain	**(6,018)**	3,188
Government subsidies (note (i))	**18,728**	–
Others	**12,361**	7,619
	15,506	47,126

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.

(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 2022 HK$'000	Year ended 31 December 2021 HK$'000
(a)	***Other operating expenses***		
	Depreciation (note 12(a))		
	— owned property, plant and equipment	**91,577**	92,561
	— right-of-use assets	**179,728**	143,314
	Advertising and marketing expenses (excluding HK$40,511,000 (2021: HK$72,596,000) being deducted in turnover)	**108,068**	169,669
	Auditor's remuneration	**3,050**	2,826
	Gain on disposal of property, plant and equipment	**(815)**	(463)
	Write-down and write-off of inventories	**20,957**	27,328
	Talent costs (note 4(c))	**842,688**	709,374
	Amortisation of intangible assets (note 13)	**12,043**	14,072
	Amortisation of other contract costs — Technology business	**803**	137
	Total outgoings of investment properties	**1,605**	1,603
	Outsourced fulfilment expenses	**270,597**	205,473
	Payment processing charges	**92,593**	76,942
	Owned motor vehicles running expenses	**44,762**	34,305
	Software licenses and registration fee	**26,833**	18,894
	Utilities, consumables and office expenses	**53,430**	46,583
	Write-off of receivables and other contract costs, net	**16,295**	–
	Write-off of goodwill	**–**	897
	Others	**104,530**	58,808
		1,868,744	1,602,323
(b)	***Finance costs***		
	Interest on lease liabilities (note 23(b))	**13,122**	9,355
	Bank charges	**491**	560
		13,613	9,915
(c)	***Talent costs***		
	Wages and salaries	**852,896**	700,496
	Retirement benefit costs — defined contribution plans (note 9)	**31,879**	25,674
	Equity-settled share-based payment expenses (note 11)	**2,189**	9,025
	Less: Talent costs capitalised as intangible assets and other contract costs	**(44,276)**	(25,821)
	Talent costs included in other operating expenses	**842,688**	709,374

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 2022 is calculated at 16.5% (2021: 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% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

Taxation for overseas branch of a subsidiary is calculated at 20% (2021: 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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Current taxation		
Hong Kong Profits Tax	**222**	993
Overseas	**1,059**	630
Deferred taxation		
Origination and reversal of temporary differences (note 22)	**(71,125)**	(9,788)
	(69,844)	(8,165)

Reconciliation between the Group's income tax credit and accounting profit before taxation at applicable tax rates is as follows:

	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Profit before taxation	**142,360**	6,100
Notional tax on profit before taxation, calculated at the prevailing tax rates applicable to profit in the jurisdiction concerned	**24,164**	1,206
Effect of non-taxable income	**(4,783)**	(13,106)
Effect of non-deductible expenses	**8,286**	3,508
Effect of unused tax losses not recognised	**17,724**	15,452
Effect of unused tax losses not recognised in prior years now utilised	**(42,950)**	(28,194)
Effect of unused tax losses not recognised in prior years now recognised	**(71,300)**	(9,952)
Effect of balancing charge	**–**	22,804
Others	**(985)**	117
Income tax credit	**(69,844)**	(8,165)

(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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Interim dividend declared and paid of HK8 cents per share (2021: HK8 cents per share)	**73,759**	73,335

The Board of Directors has resolved not to declare any final dividend for the year ended 31 December 2022 (31 December 2021: nil).

In respect of the interim dividend for the six months ended 30 June 2022, there was a difference of HK$30,000 (31 December 2021: HK$29,000) between interim dividend disclosed in the 2022 interim financial report and amounts declared and paid during the year which represented dividends attributable to new shares issued upon the exercise of 372,000 (31 December 2021: 361,600) share options, before the closing date of the register of members.

7 OTHER COMPREHENSIVE INCOME

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

	2022			2021		
	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)	**(6,851)**	**–**	**(6,851)**	(2,177)	–	(2,177)
Exchange difference on translation of financial statements of overseas subsidiaries	**587**	**–**	**587**	159	–	159
Debt securities measured at FVOCI — net movement in fair value reserve (recycling)	**(8,539)**	**–**	**(8,539)**	(5,891)	–	(5,891)
Other comprehensive income	**(14,803)**	**–**	**(14,803)**	(7,909)	–	(7,909)

(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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Equity instruments designated at FVOCI — net movement in fair value reserve (non-recycling):		
— Changes in fair value recognised during the year	**(6,851)**	(2,177)
Debt securities measured at FVOCI — net movement in fair value reserve (recycling):		
— Changes in fair value recognised during the year	**(50,786)**	(5,313)
— Reclassified to profit or loss upon disposal	**–**	14
— Reclassified to profit or loss for provision/(reversal) of expected credit losses	**42,247**	(592)
	(8,539)	(5,891)

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 2022 of HK$212,204,000 (31 December 2021: HK$14,780,000) and the weighted average of 921,241,000 ordinary shares (31 December 2021: 916,160,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December 2022 '000	Year ended 31 December 2021 '000
Issued ordinary shares at 1 January	**917,007**	911,274
Effect of share options exercised (note 21(c))	**4,234**	4,886
Weighted average number of ordinary shares at 31 December	**921,241**	916,160

The calculation of diluted earnings per share for the year ended 31 December 2022 is based on the profit attributable to equity shareholders of the Company for the year of HK$212,204,000 (31 December 2021: HK$14,780,000) and the weighted average number of ordinary shares of 947,786,000 (31 December 2021: 954,590,000), 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 2022 '000	Year ended 31 December 2021 '000
Weighted average number of ordinary shares at 31 December	**921,241**	916,160
Effect of deemed issue of shares under the Company's share option scheme (note 11)	**26,545**	38,430
Weighted average number of ordinary shares (diluted) at 31 December	**947,786**	954,590

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 2022 HK$'000	Year ended 31 December 2021 HK$'000
Gross contributions	**31,879**	25,674

(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 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 (note (i))	–	2,607	5,000	–	216	7,823
Vice Chairman						
Wong Wai Kay, Ricky (note (ii))	–	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

(Expressed in Hong Kong dollars unless otherwise indicated)

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2021:

	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	–	2,438	6,000	–	216	8,654
Vice Chairman						
Wong Wai Kay, Ricky	–	11,620	12,000	–	18	23,638
Executive directors						
Wong Nga Lai, Alice	–	2,495	2,500	1,379	240	6,614
Lau Chi Kong	–	2,704	2,500	1,379	228	6,811
Zhou Huijing	–	4,360	1,000	1,379	240	6,979
Independent non-executive directors						
Lee Hon Ying, John	244	–	–	–	–	244
Peh Jefferson Tun Lu	228	–	–	–	–	228
Mak Wing Sum, Alvin	228	–	–	–	–	228
Total	700	23,617	24,000	4,137	942	53,396

Notes:

(i) For the year ended 31 December 2022, 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$97,000.

(ii) For the year ended 31 December 2022, 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$1,040,000.

(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.

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 2022 subject to earlier termination by the Company by resolution in general meeting or by the board of directors. The period during which the option may be exercised will be determined by the board of directors at its discretion, save that no option may be exercised after more than ten years from the date of grant.

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 2021, 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 2021, 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 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 equity-settled share-based payment expenses amounted to HK$2,189,000 (31 December 2021: HK$9,025,000), among which HK$1,146,000 (31 December 2021: HK$6,959,000) was recognised in the consolidated income statement, HK$1,043,000 (31 December 2021: HK$2,066,000) was capitalised as intangible assets and other contract costs, with the offset in capital reserve, for the years ended 31 December 2022 and 2021. Particulars and movements of share options during the years ended 31 December 2022 and 2021 were as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	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	**2.86**	**50,606,900**	2.71	55,746,700
Granted during the year	**–**	**–**	12.79	1,200,000
Exercised during the year	**3.27**	**(6,083,050)**	3.43	(5,733,300)
Forfeited during the year	**3.42**	**(72,450)**	3.42	(606,500)
Outstanding at the end of the year	**2.80**	**44,451,400**	2.86	50,606,900
Exercisable at the end of year	**2.52**	**43,251,400**	2.43	44,906,900

The weighted average closing share price immediately before the dates on which the options were exercised was HK$6.94 (2021: HK$12.49).

The options outstanding at 31 December 2022 had exercise prices ranging from HK$1.45 to HK$12.79 (2021: ranging from HK$1.45 to HK$12.79) and a weighted average remaining contractual life of 5.5 years (31 December 2021: 6.7 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 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)

(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 2021	1,509	263,100	680,394	444,361	94,201	10,982	316,260	126,233	83,574	2,020,614
Additions	3,723	–	–	347,783	30,158	886	59,309	16,146	–	458,005
Acquisition of a subsidiary	–	–	118,000	–	–	–	–	–	–	118,000
Disposals	–	–	–	(4,079)	(6,202)	(1)	(3,254)	(5,948)	(188)	(19,672)
Fair value adjustment	–	16,100	–	–	–	–	–	–	–	16,100
Exchange difference	–	–	–	–	–	–	6	–	–	6
At 31 December 2021	5,232	279,200	798,394	788,065	118,157	11,867	372,321	136,431	83,386	2,593,053
Representing:										
Cost	5,232	–	798,394	788,065	118,157	11,867	372,321	136,431	83,386	2,313,853
Valuation – 2021	–	279,200	–	–	–	–	–	–	–	279,200
	5,232	279,200	798,394	788,065	118,157	11,867	372,321	136,431	83,386	2,593,053
Accumulated depreciation and impairment losses:										
At 1 January 2021	–	–	119,143	157,939	39,242	8,484	160,210	60,847	76,639	622,504
Charge for the year	–	–	23,844	119,470	21,969	1,434	47,657	19,964	1,537	235,875
Written back on disposals	–	–	–	(2,362)	(6,202)	(1)	(2,978)	(5,402)	(188)	(17,133)
Exchange difference	–	–	–	–	3	–	1	–	–	4
At 31 December 2021	–	–	142,987	275,047	55,012	9,917	204,890	75,409	77,988	841,250
Net book value:										
At 31 December 2021	5,232	279,200	655,407	513,018	63,145	1,950	167,431	61,022	5,398	1,751,803

(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 2022	**279,850**	–	**279,850**	–
– 31 December 2021	279,200	–	279,200	–

During the years ended 31 December 2022 and 2021, 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 2022 and 2021. 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 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 2022 HK$'000**	31 December 2021 HK$'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)	**758,270**	655,407
Other properties leased for own use, carried at depreciated cost	(ii)	**594,548**	513,018
		1,352,818	1,168,425
Ownership interests in leasehold investment properties, carried at fair value, with remaining lease term between 10 and 30 years		**279,850**	279,200
		1,632,668	1,447,625

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**30,585**	23,844
Other properties leased for own use	**149,143**	119,470
	179,728	143,314
Interest on lease liabilities (note 4(b))	**13,122**	9,355
Variable lease payments not included in the measurement of lease liabilities	**–**	1,994
Expense relating to short-term leases	**2,403**	441
Gain on lease modification	**(3,631)**	–

During the year, additions to right-of-use assets were HK$274,800,000 (2021: HK$465,783,000) primarily related to the capitalised lease payments payable under new or renewed tenancy agreements. The amount in 2021 also included the purchase of a leasehold property of HK$118,000,000 through acquisition of a subsidiary.

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 2022 and 2021, 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 no variable lease payment during the year ended 31 December 2022 (2021: HK$1,994,000).

At 31 December 2022, it is estimated that an increase in turnover generated from these retail stores by 5% would have increased the lease payments by HK$14,000 (2021: HK$255,000).

(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 2021: 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 2022 HK$'000	31 December 2021 HK$'000
Leases in respect of investment properties which are receivable:		
Within 1 year	**23,652**	21,739
After 1 year but within 2 years	**25,734**	23,652
After 2 years but within 3 years	**27,999**	25,734
After 3 years but within 4 years	**30,463**	27,999
After 4 years but within 5 years	**33,143**	30,463
After 5 years	**17,270**	50,413
	158,261	180,000

(Expressed in Hong Kong dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Further particulars of the Group's investment properties interest at 31 December 2022 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%

(f) Acquisition of a subsidiary

On 21 May 2021, the Group entered into a sale and purchase agreement to acquire 100% equity interest in a company at a total consideration of HK$118,029,000 (note 23(d)). The principal activity of this company is property investment, and its identifiable assets are mainly the leasehold land and building. The transaction was completed in July 2021 and recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in the leasehold land and building. Further details of the net assets acquired are set out in note 23(d).

(Expressed in Hong Kong dollars unless otherwise indicated)

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 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

(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 2021	226,700	90,243	–	–	316,943
Additions	–	–	8,029	17,700	25,729
At 31 December 2021	226,700	90,243	8,029	17,700	342,672
Accumulated amortisation and impairment losses:					
At 1 January 2021	179,733	77,524	–	–	257,257
Charge for the year	4,116	9,024	932	–	14,072
At 31 December 2021	183,849	86,548	932	–	271,329
Net book value:					
At 31 December 2021	42,851	3,695	7,097	17,700	71,343

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 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 2022.

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
Key Opinion Friends Limited	British Virgin Islands	Provision of digital marketing services	Ordinary US$1	60
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
Offbeat Technology Hong Kong Limited	Hong Kong	Ecommerce business	Ordinary HK$100	100

* Shares held directly by the Company.

(Expressed in Hong Kong dollars unless otherwise indicated)

15 INVENTORIES AND OTHER CONTRACT COSTS

	31 December 2022 HK$'000	31 December 2021 HK$'000
Inventories	**142,526**	118,900
Other contract costs	**2,265**	15,228
	144,791	134,128

(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 2022 relate to development cost for Ecommerce solution agreement. 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$5,316,000 (2021: HK$137,000). There was an impairment of HK$9,912,000 (2021: HK$nil) 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 2022 (2021: HK$9,165,000). No capitalised contract costs recognised as at 31 December 2022.

16 OTHER FINANCIAL ASSETS

	31 December 2022 HK$'000	31 December 2021 HK$'000
Equity instruments designated at FVOCI (non-recycling)		
— Equity securities	**21,620**	21,132
— Perpetual bonds	**59,480**	75,957
	81,100	97,089
Debt securities measured at FVOCI (recycling)		
— Maturity dates within 1 year	**51,742**	175,305
— Maturity dates over 1 year	**162,790**	109,480
	214,532	284,785
Units in investment funds measured at FVPL	**48,901**	62,164
	344,533	444,038
Representing		
— Non-current portion	**292,791**	268,733
— Current portion	**51,742**	175,305
	344,533	444,038

(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 2022 and 2021.

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$31,331,000 (2021: HK$37,605,000), property development industry of HK$4,138,000 (2021: HK$11,549,000) and other industries of HK$45,631,000 (2021: HK$47,935,000), 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$7,882,000 (2021: HK$7,777,000) were sold with realised loss of HK$35,000 (2021: HK$22,000). The loss, which had already been included in fair value reserve (non-recycling), has been transferred to retained profits.

At 31 December 2022, the Group had uncommitted banking facilities of HK$979,695,000 (31 December 2021: HK$940,707,000). The facilities were not utilised as at 31 December 2022 and 2021. These banking facilities were secured by the Group's other financial assets of HK$344,533,000 (31 December 2021: HK$444,038,000) as at 31 December 2022. 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 2022 and 2021, 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, except rental deposits and others amounting to HK$47,900,000 at 31 December 2021, are expected to be recovered within one year.

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2022 and 2021 represented cash at banks/financial institutions and in hand.

At 31 December 2022, the Group's uncommitted banking facilities of HK$979,695,000 (31 December 2021: HK$940,707,000) (see note 16) were also secured by the Group's bank balances of HK$80,311,000 (31 December 2021: HK$298,598,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

19 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	31 December 2022 HK$'000	31 December 2021 HK$'000
Accounts payable (note (a))	**354,627**	254,004
Contract liabilities (note (b))	**245,797**	237,501
Other payables and accrued charges (note (c))	**197,868**	171,961
	443,665	409,462
	798,292	663,466

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

	31 December 2022 HK$'000	31 December 2021 HK$'000
Current–30 days	**340,717**	245,823
31–60 days	**6,045**	1,810
61–90 days	**2,170**	689
Over 90 days	**5,695**	5,682
	354,627	254,004

(b) Contract liabilities
Contract liabilities mainly represent prepayments received from customers upon order placement. Balance of HK$237,501,000 as at 1 January 2022 (1 January 2021: HK$105,973,000) was recognised as revenue during the year when the customers have taken possession of and accepted the products.

Contract liabilities of HK$245,797,000 were recognised as at 31 December 2022 (2021: HK$237,501,000) 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 2022, the lease liabilities were payable as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year	**164,098**	125,405
After 1 year but within 2 years	**130,902**	108,047
After 2 years but within 5 years	**220,489**	212,728
After 5 years	**89,004**	75,850
	440,395	396,625
	604,493	522,030

(Expressed in Hong Kong dollars unless otherwise indicated)

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$'000	Total HK$'000
Balance on 1 January 2021		1,747,693	1,830,491	3,546	(1,780)	43,330	3,623,280
Changes in equity for 2021:							
Profit for the year		–	15,669	–	–	–	15,669
Other comprehensive income		–	–	(5,891)	(2,177)	–	(8,068)
Total comprehensive income for the year		–	15,669	(5,891)	(2,177)	–	7,601
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		–	(22)	–	22	–	–
Shares issued under share option scheme	21(c)	26,480	–	–	–	(4,946)	21,534
Equity settled share-based transactions	4(c)	–	–	–	–	9,025	9,025
Dividend paid	6	–	(73,335)	–	–	–	(73,335)
Balance at 31 December 2021 and 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		1,800,972	1,644,010	(10,884)	(10,751)	44,493	3,467,840

21 CAPITAL AND RESERVES (continued)

(b) Issued share capital

	2022		2021	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**917,006,943**	**1,774,173**	911,273,643	1,747,693
Shares issued under share option scheme (note 21(c))	**6,083,050**	**26,799**	5,733,300	26,480
At 31 December	**923,089,993**	**1,800,972**	917,006,943	1,774,173

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 2022, 6,083,050 (31 December 2021: 5,733,300) ordinary shares were issued at weighted average exercise price of HK$3.27 (31 December 2021: HK$3.43) per ordinary share to share option holders who had exercised their options with an aggregate consideration of HK$19,885,000 (31 December 2021: HK$19,673,000) of which HK$24,990,000 (31 December 2021: HK$24,619,000) was credited to share capital and the balance of HK$5,105,000 (31 December 2021: HK$4,946,000) was debited to the capital reserve.

(d) 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(g)(ii).

(e) 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(e)).

(f) 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(e)).

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (continued)

(g) 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).

(h) 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(p)(iv).

(i) 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 2022 and 2021 are as follows:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Net cash	**705,807**	624,247
Net assets	**2,208,793**	2,061,268
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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 the related depreciation HK$'000	Tax losses carried forward HK$'000	Total HK$'000
At 1 January 2021	(46,382)	45,155	(1,227)
Credited to consolidated income statement	666	9,122	9,788
At 31 December 2021	(45,716)	54,277	8,561
At 1 January 2022	(45,716)	54,277	8,561
(Debited)/credited to consolidated income statement	(3,964)	75,089	71,125
At 31 December 2022	(49,680)	129,366	79,686

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2022 HK$'000	31 December 2021 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,566)**	(1,391)
Net deferred tax assets recognised in the consolidated statement of financial position	**81,252**	9,952
	79,686	8,561

(b) Deferred tax assets not recognised

As at 31 December 2022, the Group did not recognise deferred tax assets in respect of unused tax losses of HK$1,585,533,000 (31 December 2021: HK$2,187,355,000) 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 2022 HK$'000	31 December 2021 HK$'000
Profit before taxation	**142,360**	6,100
Adjustments for:		
Depreciation of property, plant and equipment	**271,305**	235,875
Bank interest income	**(2,140)**	(152)
Equity settled share-based payment expenses	**1,146**	6,959
Interest income from other financial assets	**(13,955)**	(14,509)
Dividend and investment income from other financial assets	**(6,076)**	(5,251)
Gain on disposal of other financial assets	**–**	14
Unrealised fair value losses on units in investment funds measured at FVPL	**13,263**	7,945
Provision/(reversal) of expected credit losses on debt securities measured at FVOCI	**42,247**	(592)
Provision of expected credit losses on interest receivable	**1,600**	–
Gain on disposal of property, plant and equipment	**(815)**	(463)
Valuation gains on investment properties	**(650)**	(16,100)
Amortisation of intangible assets	**12,043**	14,072
Amortisation of other contract costs	**803**	137
Interest expenses on lease liabilities	**13,122**	9,355
Write-down and write-off of inventories	**20,957**	27,328
Write-off of receivables and other contract costs, net	**16,295**	–
Goodwill written off	**–**	897
Exchange gain/(loss), net	**274**	(2,269)
Gain on lease modification	**(3,631)**	–
Cash generated before working capital changes	**508,148**	269,346
Changes in working capital:		
Increase in other receivables, deposits and prepayments	**(40,345)**	(47,941)
Increase in inventories	**(42,335)**	(38,784)
Increase in accounts payable, other payables and accrued charges and deposits received	**131,586**	64,428
Cash generated from operations	**557,054**	247,049
Tax paid	**(3,053)**	–
Net cash generated from operating activities	**554,001**	247,049

(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 2021	298,208
Changes from financing cash flows:	
Capital element of lease rentals paid	(114,297)
Interest element of lease rentals paid	(9,355)
Total changes from financing cash flows	(123,652)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	339,805
Early termination of lease	(1,745)
Interest expenses (note 4(b))	9,355
Exchange difference	59
Total other changes	347,474
At 31 December 2021 and 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	604,493

(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 2022 HK$'000	31 December 2021 HK$'000
Within operating cash flows	**2,403**	2,435
Within investing cash flows	**–**	118,000
Within financing cash flows	**151,120**	123,652
	153,523	244,087

These amounts relate to the following:

	31 December 2022 HK$'000	31 December 2021 HK$'000
Lease rentals paid	**153,523**	126,087
Purchase of leasehold land and building	**–**	118,000
	153,523	244,087

(d) Net cash outflow arising from the acquisition of a subsidiary

The recognised amounts of assets acquired at the date of acquisition of the subsidiary during the year ended 31 December 2021 comprise the following:

	HK$'000
Leasehold land and building	118,000
Other receivables, deposits and prepayments	29
Total consideration paid in cash	118,029

(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 2022 and 2021, 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 2022 and 2021, 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:

	2022 **HK$'000**	2021 HK$'000
Balance at 1 January	**5,934**	6,526
Provision/(reversal) of expected credit losses recognised during the year	**42,247**	(592)
Balance at 31 December	**48,181**	5,934

(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 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**

	31 December 2021					
	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	254,004	–	–	–	254,004	254,004
Other payables and accrued charges	171,961	–	–	–	171,961	171,961
Deposits received	5,757	–	–	–	5,757	5,757
Lease liabilities	126,698	111,249	229,756	85,167	552,870	522,030
	558,420	111,249	229,756	85,167	984,592	953,752

(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 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 2022 HK\$'000	31 December 2021 HK\$'000
Fixed rate and variable rate instruments		
— Other financial assets:		
Debt securities measured at FVOCI	**214,532**	284,785
Perpetual bonds designated at FVOCI	**59,480**	75,957
Units in investment funds measured at FVPL	**34,370**	41,723
Fixed rate borrowing		
— Lease liabilities	**(604,493)**	(522,030)
	(296,111)	(119,565)

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 2022					31 December 2021			
	USD	RMB	EUR	TWD	GBP	USD	RMB	EUR	TWD
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash and cash equivalents	**381,861**	**947**	**2,823**	**10,905**	**3,144**	247,504	1,191	897	5,112
Other financial assets:									
– Debt securities measured at FVOCI	**165,358**	**–**	**–**	**–**	**–**	248,442	–	–	–
– Units in investment funds measured at FVPL	**45,160**	**–**	**–**	**–**	**–**	57,570	–	–	–
– Perpetual bonds designated at FVOCI	**59,480**	**–**	**–**	**–**	**–**	75,957	–	–	–
	651,859	**947**	**2,823**	**10,905**	**3,144**	629,473	1,191	897	5,112

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 2022		
RMB	**10%**	**95**
	(10%)	**(95)**
EUR	**10%**	**282**
	(10%)	**(282)**
TWD	**10%**	**1,091**
	(10%)	**(1,091)**
GBP	**10%**	**314**
	(10%)	**(314)**

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 2021		
RMB	5%	60
	(5%)	(60)
EUR	5%	45
	(5%)	(45)
TWD	5%	256
	(5%)	(256)

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 2021.

(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% (2021: 10%) 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$7,230,000 (31 December 2021: HK$4,157,000). 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 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**
31 December 2021				
Assets:				
— Debt securities measured at FVOCI	–	284,785	–	284,785
— Units in investment funds measured at FVPL	62,164	–	–	62,164
— Equity securities designated at FVOCI	21,132	–	–	21,132
— Perpetual bonds designated at FVOCI	–	75,957	–	75,957

(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 years ended 31 December 2022 and 2021, 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 2022 and 2021.

25 COMMITMENTS

Capital commitments

	31 December 2022 HK$'000	31 December 2021 HK$'000
Purchase of property, plant and equipment		
Contracted but not provided for	**92,185**	41,681
Construction of Ecommerce and Distribution Centre		
Contracted but not provided for	**129,176**	133,448

In addition, at 31 December 2022 the Group has entered or committed to enter into 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 (31 December 2021: one lease of 18 months that was not yet commenced, the lease payments under which amounted to HK$1,027,000 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:

	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Short-term Talent benefits (note)	**56,150**	48,317
Post-employment benefits	**910**	942
Equity-settled share-based payment expenses	**663**	4,137
	57,723	53,396

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 2022 HK$'000	31 December 2021 HK$'000
Non-current assets			
Property, plant and equipment		**2,192**	3,310
Intangible assets		**38,732**	46,546
Interest in subsidiaries		**2,657,654**	2,690,387
Other financial assets		**292,791**	268,733
		2,991,369	3,008,976
Current assets			
Other receivables, deposits and prepayments		**7,723**	9,329
Other current financial assets		**51,742**	175,305
Amounts due from subsidiaries		**2,249**	2,249
Cash and cash equivalents		**468,680**	426,538
		530,394	613,421
Current liabilities			
Other payables and accrued charges		**42,240**	24,688
Amounts due to subsidiaries		**11,683**	9,604
		53,923	34,292
Net current assets		**476,471**	579,129
NET ASSETS		**3,467,840**	3,588,105
CAPITAL AND RESERVES	21		
Share capital		**1,800,972**	1,774,173
Reserves		**1,666,868**	1,813,932
TOTAL EQUITY		**3,467,840**	3,588,105

Approved and authorised for issue by the board of directors on 29 March 2023.

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 2022

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 2022 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
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	1 January 2024

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.

Five-Year Financial Summary

	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	Year ended 31 December 2018 HK$'000
Results					
Turnover	**3,828,051**	3,130,164	2,877,884	1,413,958	896,374
Profit/(loss) before taxation	**142,360**	6,100	184,141	(289,967)	(132,758)
Taxation	**69,844**	8,165	(560)	54	(337)
Profit/(loss) after taxation	**212,204**	14,265	183,581	(289,913)	(133,095)
Assets					
Property, plant and equipment	**1,971,551**	1,751,803	1,398,110	1,409,816	1,115,347
Intangible assets	**103,209**	71,343	59,686	72,826	87,653
Goodwill	**–**	–	897	897	897
Long term receivables, deposits and prepayments	**147,194**	65,403	28,984	24,658	5,444
Deferred tax assets	**81,252**	9,952	–	–	–
Other financial assets	**344,533**	444,038	342,316	555,552	681,929
Other current assets	**971,773**	913,754	1,178,412	339,502	235,577
Total assets	**3,619,512**	3,256,293	3,008,405	2,403,251	2,126,847
Liabilities					
Current liabilities	**968,758**	797,009	705,695	753,884	416,979
Non-current liabilities	**441,961**	398,016	205,022	197,759	1,479
Total liabilities	**1,410,719**	1,195,025	910,717	951,643	418,458
Net assets	**2,208,793**	2,061,268	2,097,688	1,451,608	1,708,389

Corporate Information

FINANCIAL CALENDAR

Financial year ended:
31 December 2022

Annual results announced:
29 March 2023

Closure of register of members for Annual General Meeting:
27 June 2023 to 30 June 2023

Annual General Meeting:
30 June 2023

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]

1 Chairman of Audit Committee
2 Member of Audit Committee
3 Member of Executive Committee
4 Chairman of Investment Committee
5 Member of Investment Committee
6 Chairman of Nomination Committee
7 Member of Nomination Committee
8 Chairman of Remuneration Committee
9 Member of Remuneration Committee

Company Secretary

Ms. WONG Nga Lai, Alice

Authorised Representatives

Mr. WONG Wai Kay, Ricky
Ms. WONG Nga Lai, Alice

Registered Office

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

Auditor

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

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

American Depositary Bank

The Bank of New York Mellon Corporation
101 Barclay Street, 22nd Floor
New York, NY 10286 USA

Principal Bankers

Citibank, N.A.
The Hongkong and Shanghai Banking Corporation Limited

Website

www.hktv.com.hk

Where the English and the Chinese texts conflict, the English text prevails
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