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

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

PROFIT WARNING
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

The board of directors of the Company (“**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 (“**1H2023**”) and the information currently available, the Group expects to record an unaudited profit between HK\$45.0 million and HK\$50.0 million and an unaudited adjusted EBITDAⁱ between HK\$80.0 million and HK\$85.0 million for 1H2023, as compared to the unaudited profit of HK\$127.8 million and unaudited adjusted EBITDA of HK\$195.6 million for the six months ended 30 June 2022 (“**1H2022**”).

The decrease in the unaudited profit and adjusted EBITDA for 1H2023 was primarily attributable to the net effect of the following key reasons:

1. Decrease in gross contribution from Ecommerce business segment
 - a. The significant increase on Gross Merchandise Value (“GMV”) on order intakeⁱⁱ during 1H2022 was due to the spiked groceries demand caused by the fifth wave of COVID-19 pandemic in February and March 2022 which was not happened during 1H2023;

- b. Slower than expected recovery on Hong Kong economy in particular on supermarket sector, and the significant surge in overseas travel following the removal of COVID-19 travel restrictions has moderated the growth on GMV on order intake during 1H2023;
 - c. Decrease in gross profit margin on Direct Merchandise Sales to maintain online groceries competitiveness, to drive for online purchases of less frequently bought product categories, and to broaden groceries customer base for long-term conversion to a comprehensive range of product categories.
2. Start-up losses incurred for New Ventures including Everuts and Third-Party Logistics Service, which are within the Group's expectation;
 3. Decrease in recognition of deferred tax credit in 1H2023;
 4. No material provision of expected credit losses and unrealised fair value losses on other financial assets recognised in 1H2023.

Despite the challenging operating environment, the Group has achieved remarkable performance on offline to online consumer conversion during 1H2023. During 1H2023, there were approximately 1.23 million unique customers who made purchases at HKTVmall versus approximately 1.11 million during 1H2022. The 1.23 million unique customers are the solid base for customer wallet share expansion for the Group's long-term sustainable growth.

The Company is still in the process of finalising the interim results of the Group for 1H2023. The information contained in this announcement is only a preliminary assessment by the Board based on the unaudited consolidated management accounts and the latest information currently available, which have not been reviewed by the auditor or the audit committee of the Company and may be subject to adjustments. Finalised interim results of the Group for 1H2023 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read the Group's interim results announcement for 1H2023, which is expected to be published on 30th August 2023.

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

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

Hong Kong, 21 August 2023

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Cheung Chi Kin, Paul (Chairman)

Mr. Wong Wai Kay, Ricky (Vice Chairman and Group Chief Executive Officer)

Ms. Wong Nga Lai, Alice (Group Chief Financial Officer and Company Secretary)

Mr. Lau Chi Kong (Chief Executive Officer (International Business))

Ms. Zhou Huijing (Chief Executive Officer (Hong Kong))

Independent Non-executive Directors:

Mr. Lee Hon Ying, John

Mr. Peh Jefferson Tun Lu

Mr. Mak Wing Sum, Alvin

Notes:

- i. Adjusted EBITDA means profit for the period plus interest on bank loans (excluded finance costs-interest on lease liabilities), income tax expense/(credit), depreciation of property, plant and equipment (excluded depreciation on other properties leased for own use), amortisation of contract costs and amortisation of intangible assets and deduct investment returns, adjusted by major non-cash item, excluded non-recurring items including government subsidies and write-off of receivables and other contract costs, net. Adjusted EBITDA profit is not a measure of performance under Hong Kong Financial Reporting Standards ("HKFRSs"). This measure does not represent, and should not be used as a substitute for, net profit or cash flows from operations as determined in accordance with HKFRSs. This measure is not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definition of this measure may not be comparable to other similarly titled measures used by other companies.
- ii. Gross Merchandise Value ("GMV") on order intake represents the total gross sales dollar value for merchandise sold through a particular marketplace over a certain timeframe, before deduction of any discount offered by the marketplace, rebate used, cancellation and returns of merchandise sold.