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

2021
ANNUAL REPORT 年報

LEADING CHANGE
WITH TECHNOLOGY AND INNOVATION

Automated Retail Store
AUTOMATED
Open Databank
Social Commerce
Enhanced Last Mile Delivery
eCommerce Academy
Precise Customer Targeting
Expansion of HKTV Supermarkets
eWallet
24-hour HKTVexpress Delivery
Launch of EESE
EE
SE
New Marketing Tools
Personalized Search

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Financial Information

Operational Highlights

In thousands of Hong Kong dollars unless specified

On order intake	For the year ended 31 December 2021	For the year ended 31 December 2020	Change in percentage
Gross Merchandise Value ("GMV")[1]	**6,573,142**	5,953,693	10.4%
Average Daily Order Number (rounded to the nearest hundred)	**39,000**	32,300	20.7%
Average Order Value (HK$) (rounded to the nearest dollar)	**462**	504	(8.3%)
Combined Unique Customers (rounded to the nearest thousand)	**1,287,000**	1,107,000	16.3%

On order intake	For the month ended 31 December 2021	For the month ended 31 December 2020	Change in Percentage
Gross Merchandise Value ("GMV")	**610,909**	570,919	7.0%
Average Daily Order Number (rounded to the nearest hundred)	**41,400**	36,300	14.0%
Average Order Value (HK$) (rounded to the nearest dollar)	**476**	508	(6.3%)

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 2021	For the year ended 31 December 2020	Change in Percentage
GMV on completed orders[2]	**6,494,593**	5,838,140	11.2%
Turnover	**3,130,164**	2,877,884	8.8%
EBITDA[3,5]	**116,816**	277,329	(57.9%)
EBITDA[4] margin* (in %)	**1.8%**	4.8%	(3.0%)
Adjusted EBITDA[4,5]	**112,737**	236,178	(52.3%)
Adjusted EBITDA margin* (in %)	**1.7%**	4.0%	(2.3%)
Profit for the year	**14,265**	183,581	(92.2%)
Profit attributable to shareholders of the Company	**14,780**	183,581	(91.9%)
Net profit margin* (in %)	**0.2%**	3.1%	(2.9%)
Capital expenditures — Property, plant and equipment (excluded other properties leased for own use)	**228,222**	84,376	170.5%

* As a percentage of GMV on completed orders

	As at 31 December 2021	As at 31 December 2020	Change in percentage
Cash position[6]	**624,247**	942,479	(33.8%)
Other financial assets	**444,038**	342,316	29.7%
Total equity attributable to equity shareholders of the Company	**2,061,783**	2,097,688	(1.7%)
Total equity	**2,061,268**	2,097,688	(1.7%)
Number of shares in issue (in thousands)	**917,007**	911,274	0.6%
Net asset per share (HK$)	**2.25**	2.30	(2.2%)

[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 and excluded the government subsidies.

[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 2021 HK$'000	For the year ended 31 December 2020 HK$'000
Profit for the year	**14,265**	183,581
Income tax (credit)/expenses	**(8,165)**	560
Interest on bank loans	**–**	1,855
Investment returns[7]	**(19,898)**	(26,987)
Depreciation — on property, plant and equipment (excluded depreciation on other properties leased for own use)	**116,405**	105,180
Amortisation on intangible assets	**14,072**	13,140
Amortisation on other contract costs	**137**	–
EBITDA	**116,816**	277,329
Major non-cash items:		
Valuation (gains)/losses on investment properties	**(16,100)**	6,050
Net exchange (gain)/loss	**(3,188)**	1,601
(Reversal)/provision of expected credit losses on debt securities measured at FVOCI	**(592)**	4,527
Unrealised fair value loss on units in investment funds measured at FVPL	**7,945**	2,443
Equity-settled share-based payment expenses (after capitalisation)	**6,959**	15,087
Write-off of goodwill	**897**	–
Government subsidies	**–**	(70,859)
Adjusted EBITDA	**112,737**	236,178

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.) LTD. ("City Telecom") was incorporated in Hong Kong

1997

JAN

Launch of IDD300 Calling Service

AUG

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

1998

NOV

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

1999

JAN

Launch of IDD 1666 Direct Calling Service

NOV

ADR listing on the Nasdaq National Market of USA

2000

FEB

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

MAR

Launch of Broadband Internet services by HKBN

2001

MAY

City Telecom awarded the Satellite-based Fixed Carrier license

2002

APR

HKBN upgraded to become a wireline-based FTNS license

JUN

Launched of HKBN IDD0030 service

2003

AUG

HKBN officially launched IP-TV service

2004

NOV

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

Major Milestones and Events

2005

APR

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

OCT

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

2006

SEP

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

2007

MAR

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

2008

JAN

HKBN launched free WiFi service at public housing estates

FEB

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

2009

NOV

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

DEC

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

2010

MAR

City Telecom celebrated 10 Years on NASDAQ

MAR

HKBN launched bb100 + WiFi services at Hong Kong International Airport

APR

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

NOV

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

DEC

HKBN launched HD online music portal — MusicOne

2011

MAY
Surpassed 10,000 symmetric 1Gbps subscribers

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

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

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

2012

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

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

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

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

2013

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

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

2014

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

NOV
With "Always Something New" as corporate vision, HKTV announced its grand launch of OTT content platform. The public can watch HKTV's self-produced dramas, variety & infotainment programmes via Internet-connected devices such as smartphones, tablets, personal computers, smart TVs & set-top boxes

DEC
Trial run for online shopping mall

Major Milestones and Events

2015

FEB
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

MAR
HKTV App was available on PlayStation®4

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

SEP
Construction work of the Multimedia Production and Distribution Centre commenced

2016

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

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

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

2017

JAN
Opened the 2nd O2O Concept Store in South Horizons

FEB
HKTVmall delivered seafood directly from Japan, bringing hairy crabs from Hokkaido

OCT
Grandly opened 10th O2O Concept Store at Shatin CityOne

2018

JAN
"THE BASE — Ecommerce Incubation Programme" officially launched

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

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

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

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

2019

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

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

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

JUL
Opening of new logistics centre in Tuen Mun

AUG
Opening the 60th O2O Concept Store at Sheung Shui Centre

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

2020

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

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

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

MAR
Established mask factory and started production of surgical masks

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

OCT
Launch of eWallet "HKTVpay", enabled in all HKTVmall O2O shops and physical stores of merchant partners

NOV
Setting up "Shoalter Technology Limited" to extend our end-to-end eCommerce Solution Business, to share our unique knowledge, experiences and technical skills in eCommerce globally. Set up the branch office in Taiwan and recruiting IT Talents to support research & development in software and mechanical systems

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

2021

JAN
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

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

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

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

Major Milestones and Events

2021

MAY

Put one step further to complete digital ecosystem by launching 1-hour delivery option "HKTVexpress", tapping into Quick Commerce with an alternative online shopping experience for food, grocery and lifestyle product delivery

JUN

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

JUL

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

JUL

HKTV renamed as Hong Kong Technology Venture Company Limited

AUG

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

AUG

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

OCT

Opened the first HKTVmall Supermarket in Tseung Kwan O District with over 4,400 sq. ft, providing over 3,000 product choices to customers, which can not only meet the shopping needs of customers from different segments, but also enhance product selection and 24-hour delivery service of "HKTVexpress"

NOV

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

DEC

Launch of the first online shopping mall, "EESE" which is powered by Shoalter with its self-developed technology solutions and HKTVmall. "EESE" is positioned as Hong Kong's brand-new upmarket online marketplace, offering different look and feel, as well as functions that serve customers with a different shopping journey

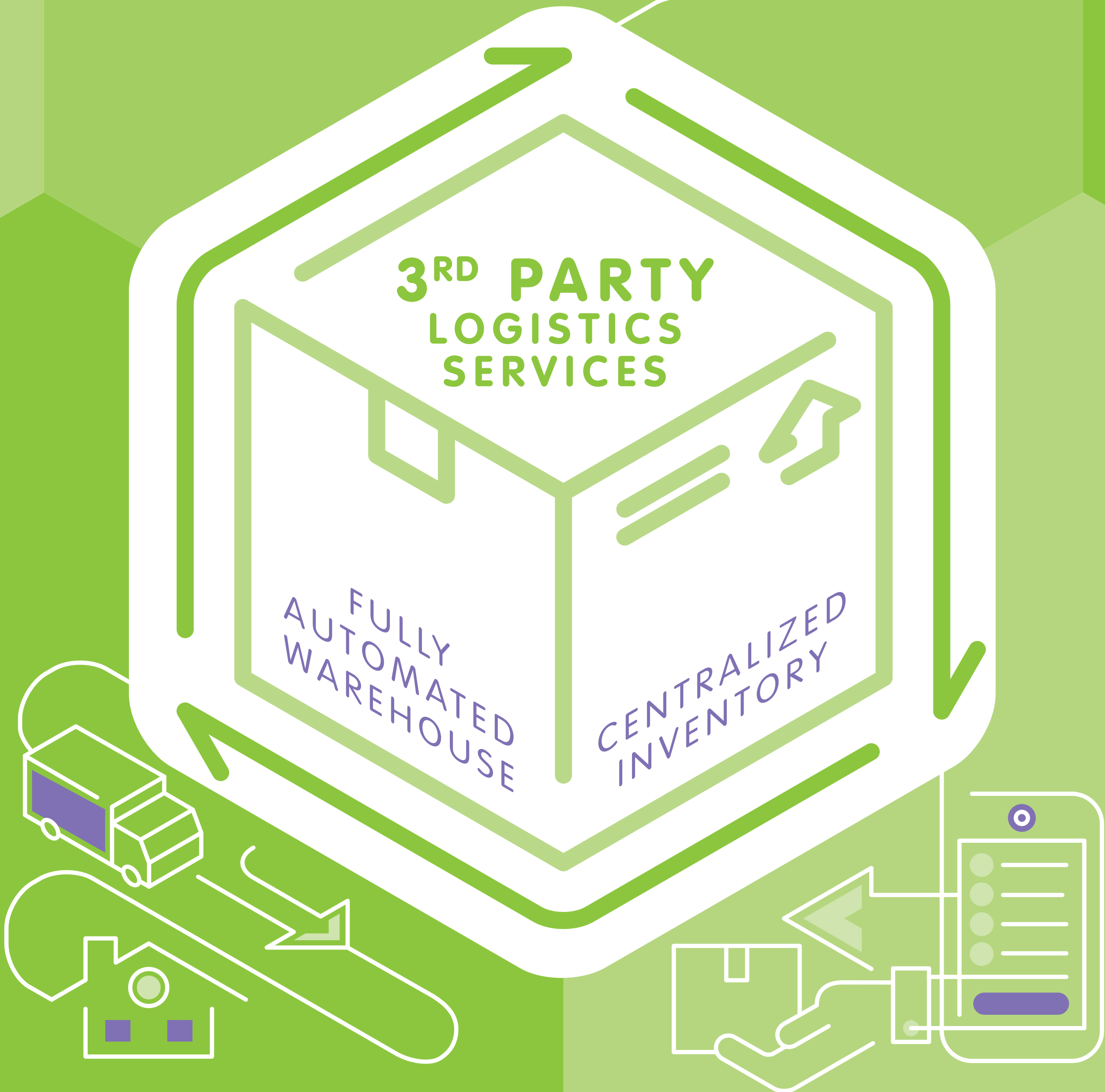
2022

FEB

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

FULFILMENT INFRASTRUCTURE EXPANSION

INCREASING FULFILMENT SPACE FROM 570,000 SQ FT TO OVER **900,000 SQ FT**



HKTVMALL

ACHIEVING **12-HOUR** DELIVERY

SELF-OPERATED OFFICIAL ONLINE STORE & OTHER ONLINE PLATFORMS

FACILITATES & SUPPORTS MERCHANTS TO RUN THEIR **ONLINE BUSINESS** EFFICIENTLY

Chairmen's Statement

Dear Shareholders,

This year marks the 30th anniversary since the establishment of the Group, which is also the 25th anniversary for listing on the Hong Kong Stock Exchange. We always remind our colleagues that the success of the Group lies in striking balance for the interest among investors, staff and customers. We hope that our colleagues who spend their time here feel that this is where they can fully demonstrate their strength. Investors are able to have good return. Consumers can get better services, which is unique in the market, in terms of innovation and quality. "Always Something New" means looking for new challenges, being innovative in resolving issues; which has also been the key characteristic of the Group over the past 30 years, and which has been our foundation for success.

HKTVMALL IN 2021

In 2021, HKTVmall achieved strong growth in business, outperforming the overall retail industry in Hong Kong. When we talk about success, it does not only consist of customer number or turnover growth. The success that HKTVmall attained in 2021 mainly means that over the past year, more retailers and brand authorized dealers in Hong Kong recognized that they need a platform like HKTVmall to expand their online business. If we call HKTVmall the leader in online retailing in Hong Kong, this does not imply that customers have no other choices (in fact, there are lots of choices available online for consumers). We are indeed referring to the fact that retailers and brand authorized dealers have no better choices for "online shopping mall" in Hong Kong. We provide the perfect one stop solution ranging from sales, warehousing, last mile delivery, to settlement and after sales services.

In 2021, what HKTVmall did disappointingly was the "30% off eGift Voucher" program. That was the first time that the Government launched consumption voucher and we were worried that if the offer made by HKTVmall was not attractive enough, consumers would turn to other sales channels thereby undermining our long term growth. As a result, the deep discount seriously impacted the second half financial results for the Group. This taught us a major lesson. We should not merely focus on "marketing promotion", but should devote more resources to enhance service levels. In fact, customers doing online shopping may attach more importance to service quality rather than just "price cut". Some investors or our own colleagues might have misunderstood. They assumed that we are selling supermarkets, beauty, skincare and health supplement products. In fact, our main offers are "freedom of choice" and "quality fulfilment service".

SUSTAINING OUR NO.1 POSITION IN HONG KONG ONLINE SHOPPING MALL

To further enhance and complete our fulfilment service, we will launch an important project in two phases by the end of 1H2022 and 1H2023. The aim is to shorten the delivery lead time for customer orders. In phase one, the order cutoff time will be changed from 9am each day to 1pm. This means that for customers placing orders before 1pm, they will receive their purchases on the next day. The target for phase two is to enable goods to be delivered to customers the next morning so long as the order is placed before midnight. To achieve this target, we must be able to provide third party logistics service. Also, the top 85% merchant products will be stored and picked in HKTVmall automated fulfilment centre. Therefore, we will build a larger logistics warehouse with most of the merchants making use of our logistics service on paid basis with us handling their goods. This will not only enhance the quality of customer fulfilment service, but will also enhance the bonding and mutual reliance between us and the merchants.

The fifth wave pandemic has brought many long term negative consequences. As you all know, the impact has been profound. Industries across the board are all badly hit. Even after the fifth wave pandemic subsides, we believe that it will take at least one to two years to restore the economy to normal level. Having to go through this experience brought by the fifth wave pandemic, retailers have lingering fears about the situation and will no doubt become more cautious in expanding physical outlets in future, while putting more resources in online retailing.

All in all, this is the best time for HKTVmall to leverage on its solid foundation to continue investing more in online shopping business compared to other Hong Kong companies, whether it is software technology, automated warehouse, fulfilment logistics fleet and big data analysis. We will continue to be the No.1 online shopping mall in Hong Kong. We have set a target earlier that the overall GMV on order intake will reach HK$12 billion to HK$15 billion in 3 to 5 years. We are confident that this target is highly achievable.

INSIGHTS FROM SHOALTER TECHNOLOGY LIMITED

Despite the efforts made in the last year or so, the project of promoting "online shopping mall" system and software of Shoalter Technology Limited ("Shoalter") to global markets is fraught with difficulties. It is simply "too difficult". It turns out that, many large corporates and organizations lack talents who are good at both technology and business. Even though we can provide the entire set of software system, even though they understand that this is the "future" and a must-have for retailing, even though they understand that there is "huge market potential", they do not have the confidence to develop a large online shopping mall from scratch. While Shoalter faces development constraints in Hong Kong, we will look for overseas market development in full force after the pandemic. At the same time, we will devote full efforts to provide full suite of technology support, to assist EESE, to become a successful role model.

On the other hand, this may be good news to us. According to the local big conglomerates whom we have contacted, their wariness has nothing to do with our systems. After thorough study, they consider that this business is too difficult! This makes us even more confident that in the foreseeable future, HKTVmall will maintain our unique position in Hong Kong online shopping market.

THE GLOBALLY UNIQUE "FULLY AUTOMATED RETAIL STORE" BUILT BY SHOALTER AUTOMATION LIMITED

We have completed the installation for the first "Fully Automated Retail Store" with pilot run in software and hardware in full swing. We are confident that the first several "Fully Automated Retail Stores" will be launched in UK within this year as planned. At the same time, Amazon Fresh and Tesco in UK, have opened six to seven "unmanned stores" in London. The technologies deployed are totally different from ours. They installed several hundreds of camera on the ceiling of a normal store, in order to use visual analytic technology to analyze every "action" of the customers to determine whether they are buying certain goods and debit their credit cards directly. Although this model can bring entry and exit convenience to customers, there is no competitive advantage in terms of operating costs. In reality, as what we have seen in London, the manpower required is more than a normal store. And as they need to cater for the operation of visual analysis, the goods on shelves have to be tidier. They also need more security guards to prevent theft.

Our patented invention is indeed a totally different technology concept. The store will be operating 24 hours and will not require any manpower for surveillance and theft prevention. Labour costs are saved significantly. We strongly believe that this model is the perfect solution in cost efficiency for "unmanned store" or "Fully Automated Retail Store".

Without doubt, we have to face many challenges and difficulties when attempting to open any new market. We will proceed step by step and tread carefully in developing the UK market. Meanwhile, we are studying other European markets, such as Switzerland or North Europe, where labour costs are even higher and hence the competitiveness of our system is even more conspicuous.

In order to continue enhancing the functions and technology of "Fully Automated Retail Store" system, we will continue to invest in technology research and development, including imaging artificial intelligence and automated picking system.

The Group was renamed as "Hong Kong Technology Venture" last year. We think this befits us. Over the past 30 years, the successes that the Group has achieved in various industries mainly derived from our attitude — dare to try, dare to fail, dare to examine and make use of technology to transform every industry. This applied to IDD telecom, fibre broadband and even TV content production. Investing in technology may fail, and we cannot be sure of the chance of success. On the contrary, if we do not give it a try, there is certainly no chance of success. The management of the Group hopes investors and our colleagues appreciate this. This is exactly what sets us apart and helps us do much better compared to other conglomerates. The DNA of our entire team from top to bottom is full of venturing spirit, which is the "soul" lacking in most of the big corporates.

Cheung Chi Kin, Paul
Chairman

Wong Wai Kay, Ricky
Vice Chairman

Hong Kong, 30 March 2022


ORDER BY 1PM
WILL BE DELIVERED BY NEXT DAY
PHASE 1
PLEDGE
TO OFFER
THE BEST
LAST MILE
DELIVERY
PHASE 2
ORDER BY MIDNIGHT
WILL BE DELIVERED BY NEXT MORNING

BUSINESS REVIEW

Ecommerce Business — HKTVmall

2021 is the second consecutive year that HKTVmall turned profitable though this was a strenuous year comparing to 2020. From ending the fourth wave of COVID-19 inflections with zero local transmission case to having Omicron variant driven wave of the pandemic emerging in Hong Kong, the retail market has experienced ups and downs during 2021. In particular, various stimulus measures implemented by the government, including the launch of Consumption Voucher Scheme, has highly increased the competition in the entire consumption market. In this regard, the growth at HKTVmall in 2021 was not as aggressive as in previous years, nevertheless, HKTVmall still performed better than the overall retail market. According to government statistics[8]:

(1) Hong Kong's retail market only had 8.1% growth in 2021 versus 2020 while at HKTVmall, our GMV on order intake has a growth rate of 10.4% reaching HK$6,573.1 million in 2021; and

(2) HKTVmall's GMV on order intake accounted for approximately 53.4% of 2021 Hong Kong's Non-Store Retailing Value.

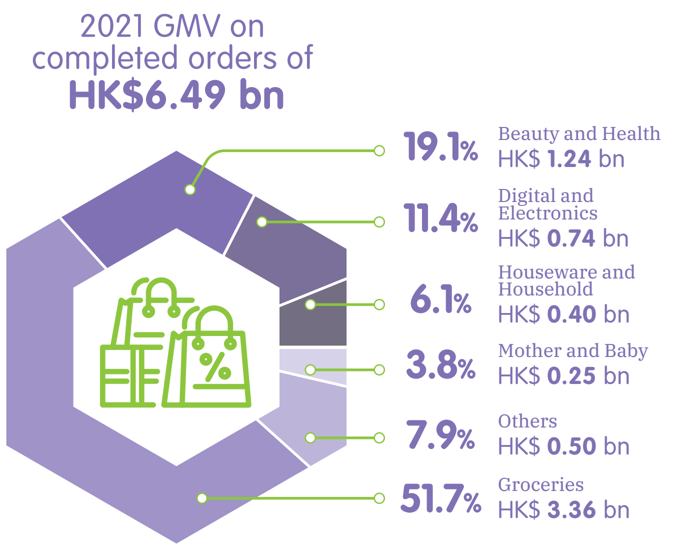
The foundation stone of our leading position in Hong Kong's online shopping mall segment is solidly built, and this is brought by our complimentary 1P and 3P end-to-end business model and our "Always Something New" attitude.

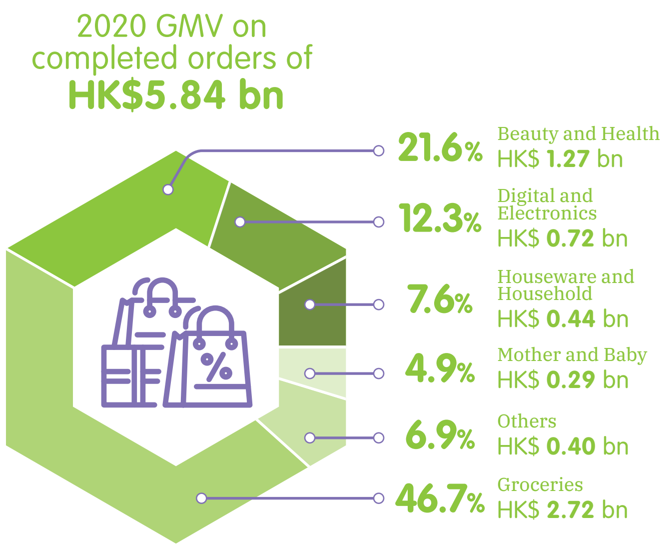
1P and 3P Business Performance

In 2021, despite the fierce competition in the retail market, the Group's Ecommerce business was still able to achieve 11.2% increment on GMV on completed orders reaching HK$6,494.6 million (2020: HK$5,838.1 million) with direct merchandise sales ("1P Business") attributed to 32.6% (2020: 34.5%) and merchant concessionaries sales ("3P Business") attributed to 67.4% (2020: 65.5%).

In terms of major product category distribution, below graph has demonstrated the substantial growth in groceries, from attributing to 46.7% of GMV on completed orders in 2020 to 51.7% in 2021, which forms the solid foundation to drive for offline to online conversion on other product categories along economic recovery over time.

Product categories distribution and GMV growth parameters





Nevertheless, the total gross profit margin and blended commission rate has a slight drop from 24.6% in 2020 to 23.7% in 2021.

[8] Source: Report on Monthly Survey of Retail Sales January 2022, Census and Statistics Department of Hong Kong Special Administrative Region (https://www.censtatd.gov.hk/en/data/stat_report/product/B1080003/att/B10800032022MM01B0100.pdf)

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 2021	For the year ended 31 December 2020
Direct merchandise sales		
GMV on completed orders[2,9]	**2,117,536**	2,015,536
Cost of inventories	**(1,575,052)**	(1,463,465)
Gross profit	**542,484**	552,071
Gross profit margin	**25.6%**	27.4%
Income from concessionaire sales and other service income		
GMV on completed orders[2]	**4,377,057**	3,822,604
Merchant payments (net off by other service income)	**(3,383,393)**	(2,939,871)
Income from concessionaire sales and other service income[10]	**993,664**	882,733
Blended commission rate	**22.7%**	23.1%
Total GMV on completed orders[2]	**6,494,593**	5,838,140
Total gross profit and income from concessionaire sales and other service income[9,10]	**1,536,148**	1,434,804
Total gross profit margin and blended commission rate	**23.7%**	24.6%
Multimedia advertising income and licensing of programme rights		
Multimedia advertising income	**90,529**	23,518
Other programme license	**138**	286
	90,667	23,804
Gross contribution from Ecommerce business segment	**1,626,815**	1,458,608
Income from Technology business segment	**893**	–
Gross contribution from Ecommerce and Technology business segment	**1,627,708**	1,458,608

9 For direct merchandise sales, the GMV on completed orders is before the deduction of HKTVmall dollars of HK$1,839,000 (2020: HK$19,490,000) and use of promotional coupon of HK$68,503,000 (2020: HK$25,720,000).

10 For income from concessionaire sales and other service income, it is before the deduction of net HKTVmall dollars of HK$2,254,000 (2020: addition of HK$1,021,000) and included merchant annual fee amortisation and other service income.

The decrease in total gross profit margin and blended commission rate was mainly caused by two reasons to sustain HKTVmall's long term business growth:

(1) To maintain the attractiveness of HKTVmall's traffic catalyst

During 2021, various tightening prevention measures on COVID-19 implemented by government in reducing gatherings has increased the demand on food and groceries products. These demands have attracted more new players to the market and price cut was observed particularly in the offline supermarket chains which made the groceries segment became highly competitive in Hong Kong. In this regard, in order to maintain our leading position in the online groceries segment, we lowered the gross margin of the 1P Business to 25.6% in 2021 (2020: 27.4%) to defend the competition.

The traffic at HKTVmall was successfully retained, take HKTVmall App as an example, the monthly traffic was maintained at approximately 1.5 million unique App users. This is particularly important to draw the traffic to HKTVmall so as to expand the repeated purchase customer base to groom 3P Business.

(2) To incentivize merchant partners to expand product choices at HKTVmall

Benefiting from the growing traffic, in 2021, GMV on completed orders from 3P Business achieved a growth by 14.5% with a blended commission rate at 22.7% (2020: 23.1%). The slight decrease in blended commission rate was mainly caused by two reasons:

a. As a means to motivate merchant partners to push their own business at HKTVmall, we offered an incentive scheme to selected merchants to over achieve the set GMV target for commission rebate. This explains the reason why we had a lower blended commission rate in 3rd quarter of 2021 ("3Q2021") and 4th quarter of 2021 ("4Q2021") when the rebate started to kick in after exceeding the GMV targets.

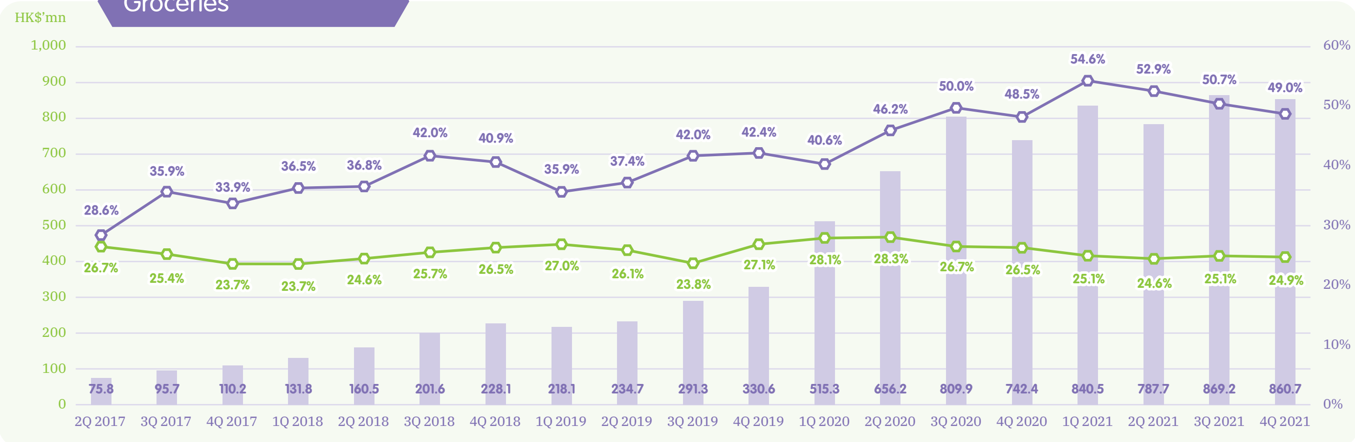
b. In order to expand the electronics and gadgets, and home appliances product choices at HKTVmall, during mid of the year, we have extended the merchant delivery fulfilment option which is at lower commission rates to a wider range of products so as to attract more merchants in these two categories to join HKTVmall. This explained the reason why the blended commission rate of digital and electronics product has decreased from 14.7% in 1st quarter of 2021 ("1Q2021") to 9.3% in 4Q2021, in return for increased GMV on completed orders from HK$160.5 million in 1Q2021 to HK$218.3 million in 4Q2021.

2021 is a difficult year for many offline merchants in Hong Kong in particular for small and medium-size enterprises (SMEs). While HKTVmall is a successful growing online platform, we considered the lowered commission rates and commission rebate incentive scheme have given courage to the merchants to build a viable business case and shifted their business focus from offline to online.

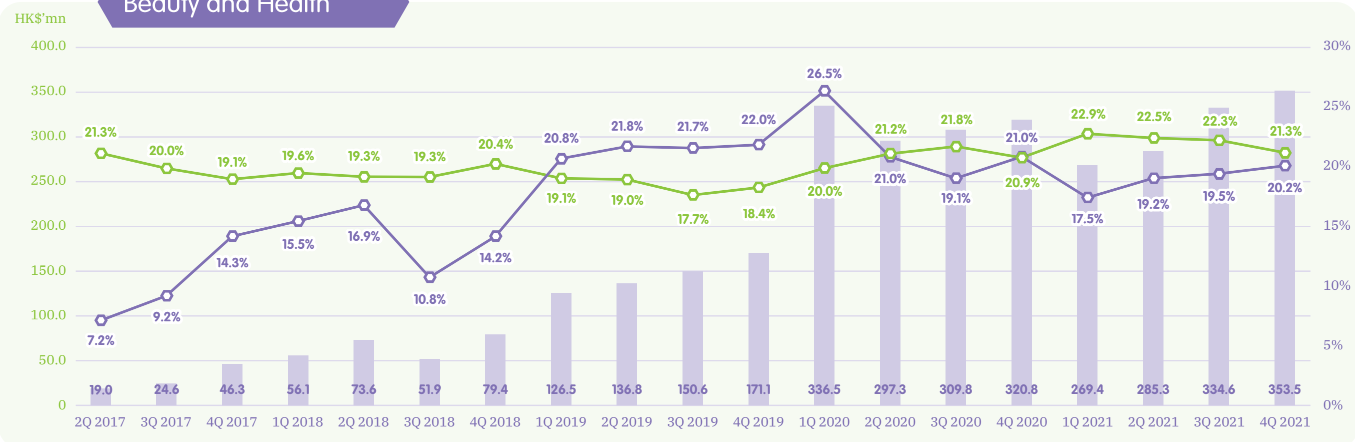
This has in fact sustained the expansion on product offering from over 500,000 product choices in 2020 to over 800,000 product choices in 2021. The number of merchants and suppliers partnering with HKTVmall also increased from more than 4,200 in 2020 to currently over 5,500. 3P Business is a key catalyst to provide more and more choices in product items and pricing options to consumer, and this flywheel effect is continued building momentum to grow HKTVmall's online business further and further.

The trend on gross profit margin and blended commission rate of major product categories are summarized as below:

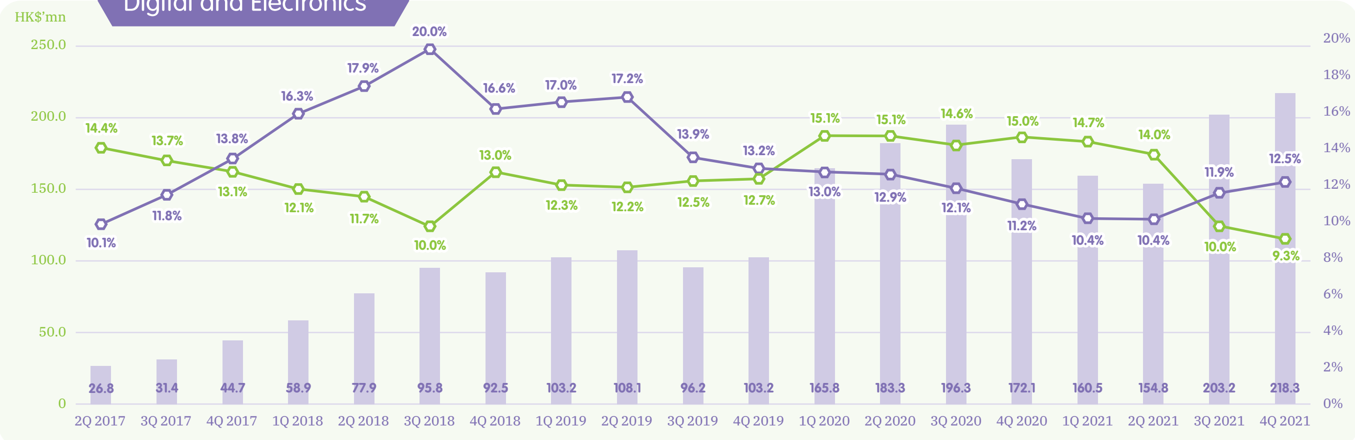
Groceries



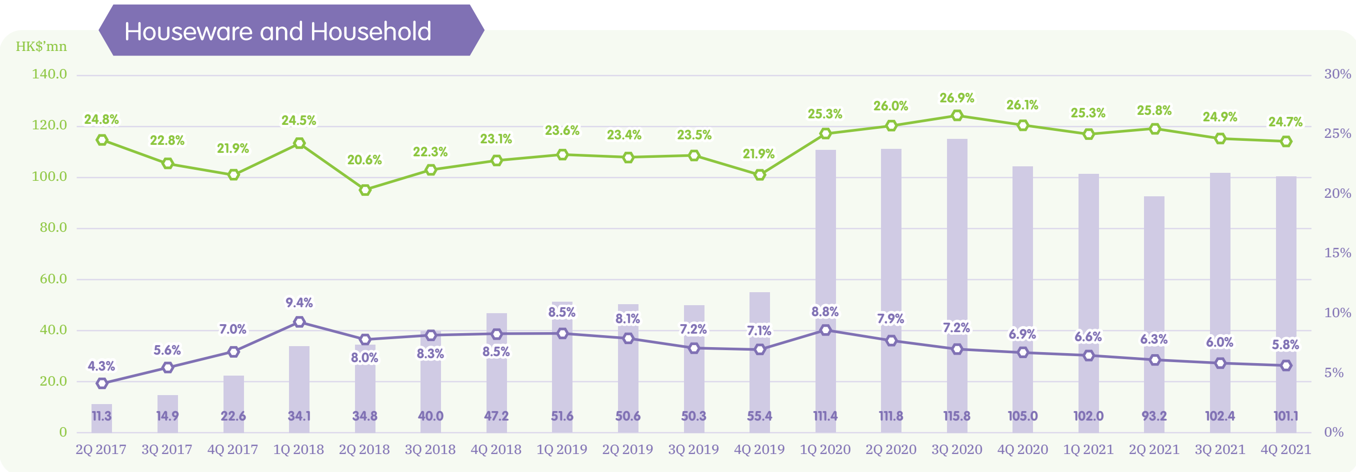
Beauty and Health

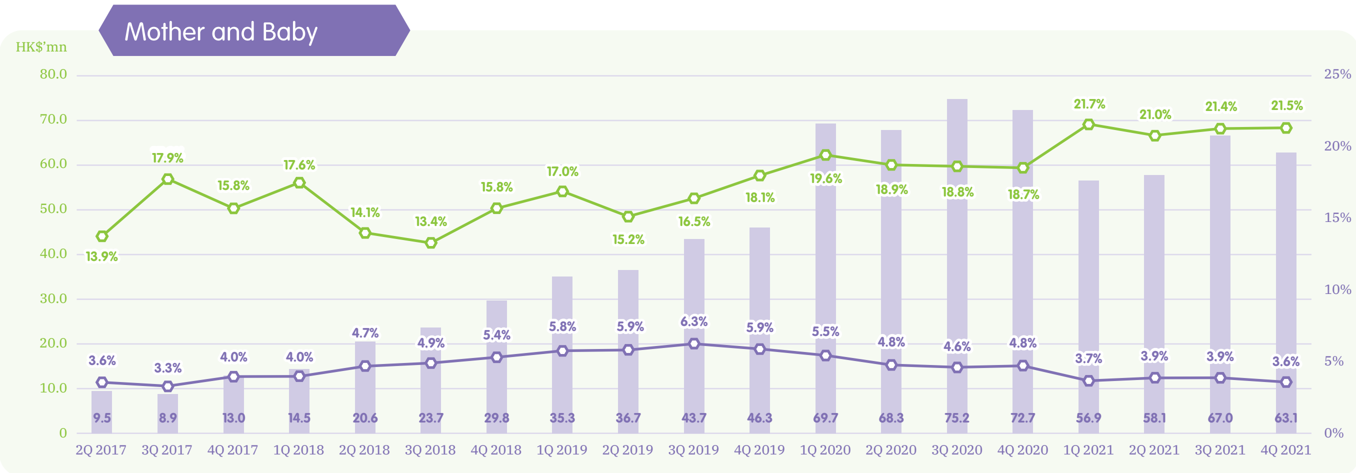


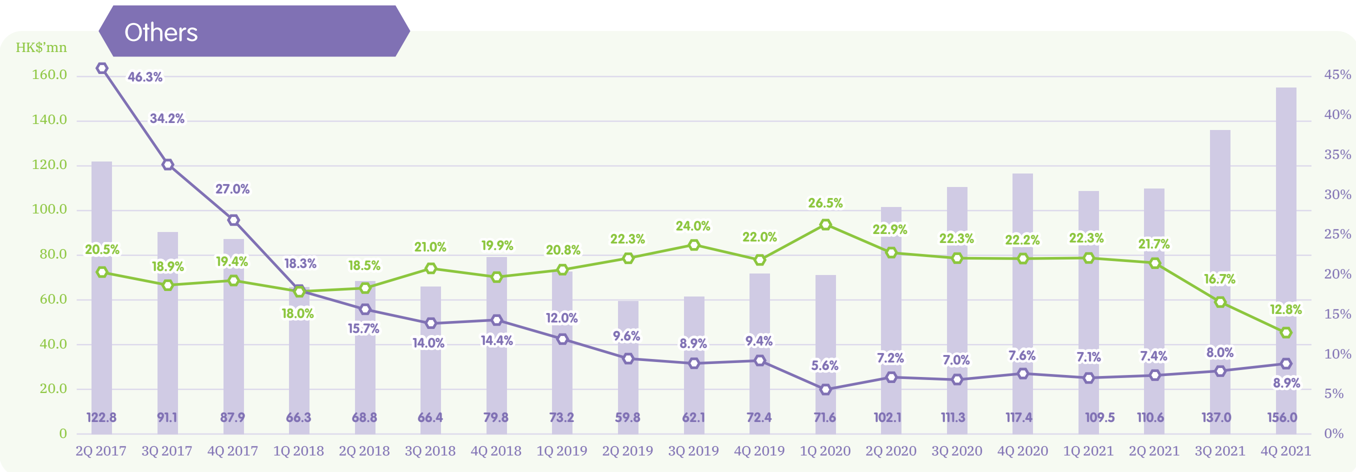
Digital and Electronics



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

4x Growth in Multimedia Advertising Revenue

With increasing merchant and supplier partners realised the value of an integrated online shopping and multimedia advertising platform with approximately 1.5 million active app users, our multiple advertising formats are becoming a popular tool to effectively drive for their online business growth at HKTVmall.

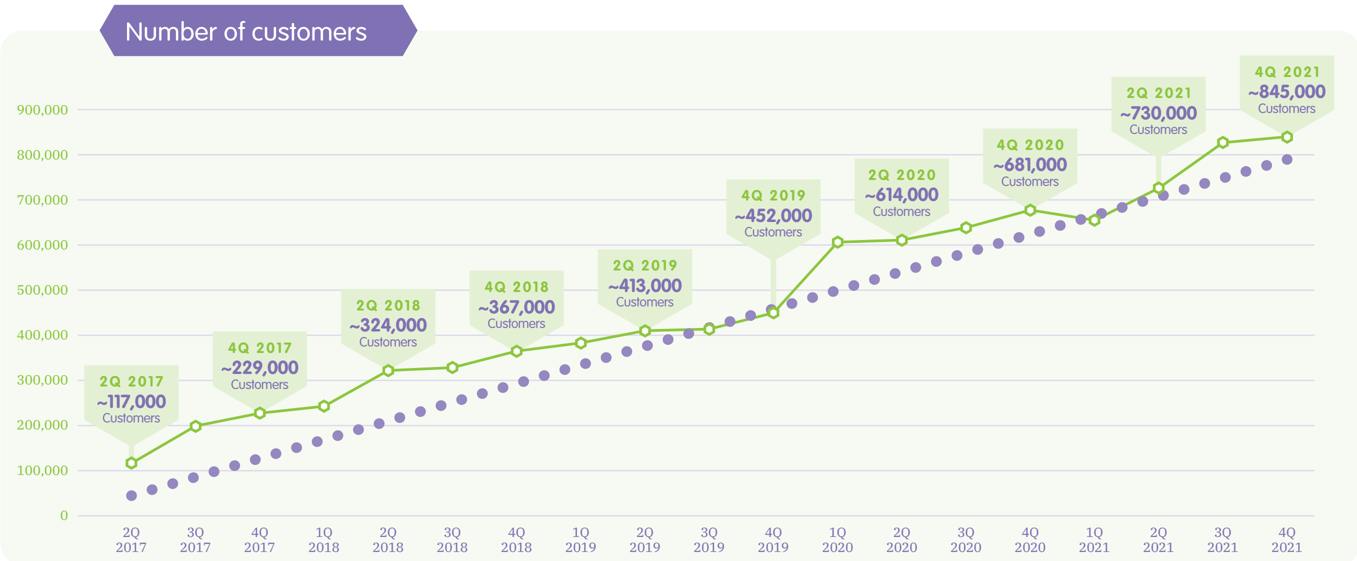
In advertising format, the launch of live shopping channels during the year has gained strong momentum becoming a successful interactive channel to boost their sales performance. Take two of our anchor merchants as examples — **Vita Green**, a well-known brand on health products, had over 42,000 views on its exclusive session generated approximately 21 times increment on GMV on order intake (compared with the daily average GMV on order intake in the past 30 days). Another famous sports brand — **PUMA**, had over 37,000 views on its exclusive session generated approximately 60 times growth on GMV on order intake (compared with the daily average GMV on order intake in the past 30 days). These examples have shown the power of multimedia advertising over traditional digital format.

In money terms, HKTVmall generated HK$90.5 million revenue from multimedia advertising channels in 2021, a substantial increase by 285.1% from HK$23.5 million in 2020, and also outperformed the target of HK$70.0 million set at the outset of 2021.

Growing Online Customer Base and Solidified Online Behavior

In 2021, the number of unique customers made purchases at HKTVmall reached 1.29 million versus 1.11 million in 2020. In fact, our unique customer base has grown 14 times in just 6 years' time when comparing to the first year of operation in 2015 only having 94,000 unique customers. On quarterly basis, the growth in customer base is particularly obvious. As depicted by the below graph on quarterly number of unique customers made purchases at HKTVmall, the growth in 4Q2021 is particularly impressive since turn profitable.

Reaching New Heights in Number of Unique Customers



* Source: Internal platform and system

* "No. of customers" represents number of unique customers who placed at least one order in that specific quarter, rounded to nearest thousands.

To certain extent, this result was facilitated by the $350/$500 eGift Voucher Program launched during July 2021 to October 2021. In order to stimulate the consumption momentum in the Hong Kong retail market, the government launched a Consumption Voucher Scheme in 2H2021 by disbursing a total of HK$5,000 by phases to eligible persons in Hong Kong. As the largest online shopping mall in Hong Kong, HKTVmall tried to capture this momentum as much as possible so as to defend our traffic avoiding customers turned to other sales channels. Hence, HKTVmall launched this $350/$500 eGift Voucher Program in July 2021 at its O2O shops and a total of more than HK$288.0 million face value in eGift Vouchers were sold. Though we received good response on this campaign which have helped to push certain growth on customer base under fierce competitive environment, our marketing and promotional expenses have also increased substantially.

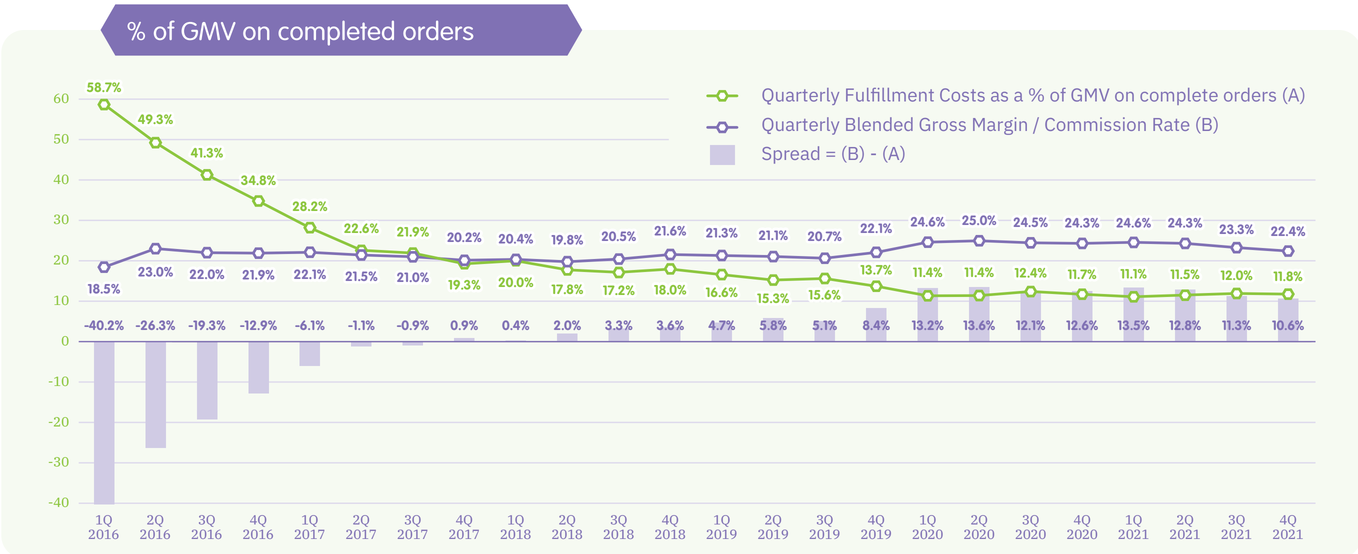
Other than customer base, under this slow growth environment, maintaining stable purchase behavior is important. In 4Q2021, the quarterly average purchase frequency per customer was at 4.61x versus 4.77x in 4th quarter of 2020 ("4Q2020"), and the quarterly average main categories purchased per customer was at 2.91 main categories versus 2.98 main categories in 4Q2020.

Planned and Disciplined Fulfilment Cost Efficiency

As planned at the beginning of 2021, in 2H2021, HKTVmall has added a new fulfilment center at Tsing Yi of approximately 144,000 square feet, with cold fulfilment facility which is currently under renovation and is expected to complete in 2nd quarter of 2022 ("2Q2022"), if there is no further delay caused by current COVID-19 condition. As this new center was not in full operation but we had to absorb the full rental and related operational overhead, the fulfilment cost % in 3Q2021 and 4Q2021 were higher than 1Q2021 and 2Q2021.

Nevertheless, this is the necessary investment and is our planned expansion to increase fulfilment capacity to cope with the upcoming business growth. With the addition of this new center, we have a total of approximately 570,000 square feet running HKTVmall's fulfilment functions.

Planned and Disciplined Fulfilment Cost Efficiency



Remark:

1. Quarterly Fulfilment Costs as a % of GMV on complete orders included the interest on lease liabilities of HK$7.4mn, HK$5.9mn and HK$4.8mn for year 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, in particular 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.

Always Something New in 2021

During 2021, many new initiatives were launched, some for generating new revenue stream, some for increasing the stickiness to HKTVmall App, some for meeting different customer segment needs, etc.. Other than the interactive multimedia advertising format — Live Shopping Channel, pre-owned goods marketplace — EcoMart and quick commerce on HKTVexpress which were launched in 1H2021 and have been summarised in 2021 interim report, a few major initiatives have also been launched in 2H2021.

(1) HKTVmall Supermarket — The first HKTV Supermarket was launched in October 2021, with an area of over 4,400 square feet providing over 3,000 product choices to consumers. A 3-in-1 model including online customer order pick-up points, point-of-sales and HKTVexpress services, developed to extend the offline-to-online convergence synergy.

(2) Innovative digital merchant finance programme launched in November 2021 — HSBC partnered with HKTVmall to develop a data-driven trade finance credit decision-making process. HSBC will leverage merchant partners' diversified commercial data, such as turnover, types of goods, return and refund records at HKTVmall to perform its trade finance credit assessment. This programme can allow financing more accessible for HKTVmall's merchant partners so that they can be more focus on developing their online business.

(3) HKTV Ecommerce Academy launched in August 2021 — a new integrated education platform to provide diversified workshops to engage and convert retail participants from offline to online. It also serves as a strong bonding tool to consistently engage our merchant partners at HKTVmall. The workshops covers 6 major areas included digital advertising, marketing, business operation, financing, etc.. Since launch to the end of 2021, we have hold two series of programmes with a total of 10 seminars and webinars being conducted with approximately 345 participants enrolled. Positive feedback was received in particular on enhancing their understanding on Ecommerce.

(4) "ShareHub" first had its internal trial launch in December 2021 and was extended to selected customers since January 2022 — aiming to build a "Virtual Community" to encourage users to become "Key Opinion Customers", creating and sharing content from their daily life. Incentive will be given if the sharing is related to product offerings at HKTVmall. We expect this community can increase customer interaction within HKTVmall, so as to increase stickiness and traffic to HKTVmall App while the users can explore something new at hot topics and trends.

Technology Business — Shoalter

Since we first announced the set-up of Shoalter, the technology arm of HKTV Group in August 2020, there are two pillars being established: (1) research and development, and provision of service through self-developed end-to-end Ecommerce solution; (2) research and development, and operating self-invented retail technology — Fully Automated Retail Store. In about 18 months since the announcement, Shoalter has remarkable progress in 2021.

(1) Grand launch of EESE — Shoalter's first local client powered by its end-to-end Ecommerce solution

We signed the Ecommerce Solution Agreement in December 2020 to build a online shopping platform for EESE and in a year's time, in December 2021, EESE had its grand launch to the market. Since its launch, according to Google Analytics, the user traffic at EESE was increasing consistently and in week 16 since its launch on 1 December 2021, the 7-day active users reached approximately 250,000 users. Currently, EESE, carries over 100,000 SKUs with 4,500 brands from more than 1,000 merchants offering 12 product categories such as fashion, beauty, culture and leisure, home and furniture, sports and outdoors, etc. With various aggressive marketing and promotion activities launched, in just 3 months' time since launch, by end of February 2022, EESE has recruited over 50,000 members. This solid growing base shall form the foundation for continuing business growth at EESE.

(2) Patented invention of "Fully Automated Retail Store"

The invention was first announced in August 2021 and in less than a year's time, turning the concept into reality by completing the installation of the first "Fully Automated Retail Store" with pilot run in software and hardware in full swing, our first launch location is also determined to be in Manchester, United Kingdom. The local office, workshop and warehouse are under set-up and the local operation team is also under forming.

FINANCIAL REVIEW

During the year, the Group recorded a 11.2% growth on GMV on completed orders. reaching HK$6,494.6 million (2020: HK$5,838.1 million).

The Group's turnover increased by 8.8% to HK$3,130.2 million in 2021 (2020: HK$2,877.9 million) which is composed of:

1. HK$2,047.2 million from direct merchandise sales (2020: HK$1,970.3 million);
2. HK$991.4 million from concessionaire sales and other service income (2020: HK$883.8 million);
3. HK$90.7 million from multimedia advertising income and licensing of programme rights (2020: HK$23.8 million); and
4. HK$0.9 million from technology business income (2020: nil) upon the launch of EESE, Shoalter's first solution client powered by its Ecommerce Solution in December 2021.

With the 3.9% growth in direct merchandise sales, the cost of inventories increased by 7.6% to HK$1,575.1 million (2020: HK$1,463.5 million) in order to maintain online groceries competitiveness at HKTVmall.

In 2021, other operating expenses increased by HK$271.4 million to HK$1,602.3 million (2020: HK$1,330.9 million). Among the other operating 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 increased to 22.7% in 2021 (2020: 21.0%).

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

	2021		2020	
	As a % of GMV on completed orders	**HK$ million**	As a % of GMV on completed orders	HK$ million
Fulfilment costs (note 1)	**11.7%**	**759.9**	11.8%	687.5
Marketing, promotional and O2O shop marketing expenses	**4.1%**	**265.8**	2.5%	146.7
O2O shop operating expenses (note 2)	**2.1%**	**134.5**	1.5%	87.4
Ecommerce operation and supporting costs	**4.8%**	**310.5**	5.2%	303.0
Ecommerce business segment key operating expenses	**22.7%**	**1,470.7**	21.0%	1,224.6
Technology business segment key operating expenses (note 3)		**41.6**		–
Other unallocated operating expenses (note 4)		**19.3**		14.2
Total key operating expenses		**1,531.6**		1,238.8
Major non-cash items (note 5)		**143.3**		136.3
Less: Marketing, promotional and O2O shop marketing expenses deducted in turnover		**(72.6)**		(44.2)
Total other operating expenses		**1,602.3**		1,330.9

Notes:

1. Including depreciation — other properties leased for own use of HK$54.8 million (2020: HK$43.0 million), excluded interest on lease liabilities of HK$7.4 million (2020: HK$5.9 million).

2. Including depreciation — other properties leased for own use of HK$61.0 million (2020: HK$43.7 million), and excluded interest on lease liabilities of HK$1.9 million (2020: HK$2.2 million).

3. Including depreciation — other properties leased for own use of HK$2.2 million (2020: nil).

4. Including depreciation — other properties leased for own use of HK$1.5 million (2020: HK$0.8 million).

5. Excluding depreciation — other properties leased for own use of HK$119.5 million (2020: HK$87.5 million).

1) **Fulfilment costs** incurred for warehousing and logistics functions included shop pick up cost allocation. Operational efficiency continued to kick in from the full year benefit gained from (1) the launch of cross-belt sorter system located in Tuen Mun fulfilment centre in February 2020; (2) the efficiency from increasing average daily orders from 32,300 in 2020 to 39,000 in 2021; (3) expansion of O2O shop network to widen the order pick up points. Nevertheless, an additional fulfilment centre in Tsing Yi was added since July 2021 to prepare for additional fulfilment capacity for future business growth. Hence, the operating costs for unutilised capacity was absorbed as overhead. The fulfilment cost % in 2021 was at 11.7%, just slightly below 11.8% in 2020.

2) **Marketing, promotional and O2O shop marketing expenses** in 2021 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$72.6 million (2020: HK$44.2 million) HKTVmall dollars granted and promotional coupons used which was deducted in the turnover, the total expenses accounted for 4.1% of GMV on completed orders (2020: 2.5%) at HK$265.8 million (2020: HK$146.7 million). The increase in cost percentage mainly caused by the launch of "$350/$500 eGift Voucher Program" (the "Program") in July 2021 in order to maintain HKTVmall's competitiveness under the disbursement of the Government's Consumption Voucher Scheme, of which HK$86.6 million promotional coupon expenses was recorded in 2H2021. Other marketing program included, aggressive wake up program on sleeping customers, stimulation program to drive for repeated purchase, promotion to engage users to new enrichments such as Senior Club for HKTVmall Lite app and HKTVexpress, private and public housing penetration, and incremental O2O shop marketing expenses due to the expansion of O2O shop network to 93 shops at year end.

3) **O2O shop operating expenses** includes the shop running expenses and relevant Talent costs incurred, which was increased from 1.5% of GMV on completed orders in 2020 to 2.1% in 2021, primarily due to the expansion of O2O shop network from 68 in December 2020 to 93 in December 2021 including 1 HKTV Supermarket.

4) **Ecommerce operation and supporting costs** includes payment processing charges, merchant relations and acquisition, customer service, information technology, and other supporting functions. The Ecommerce operation and supporting costs decreased from 5.2% of GMV on completed orders in 2020 to 4.8% in 2021 mainly due to (1) cost efficiency gained with enlarged GMV on completed orders; (2) costs allocation to Technology business and head office and corporate functions for shared supporting functions.

5) **Technology business segment key operating expenses** represented the research and development costs incurred for Technology business which is not qualified for capitalisation as intangible assets or other contract costs, and allocated costs from shared supporting functions.

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

7) **Major non-cash items** mainly include depreciation on property, plant and equipment, amortisation of intangible assets, amortisation of other contract costs and equity-settled share-based payment. There was a HK$11.2 million increase in depreciation on property, plant and equipment (excluded depreciation on other properties leased for own use) mainly due to the renovation, furniture and equipment costs for the newly launched O2O shops in 2021 and the additions for network computer, office and warehouse equipment in 2020 and 2021. Moreover, there was equity-settled share-based expenses (after capitalisation) of HK$7.0 million recorded in 2021 while there was HK$15.1 million in 2020.

During the year ended 31 December 2021, a valuation gain of the Group on investment properties of HK$16.1 million (2020: loss of HK$6.1 million) was recognised based on the valuation carried out by an independent firm of surveyors at year end.

Other income, net, of HK$47.1 million was earned in 2021 (2020: HK$116.9 million), which mainly composed of investment returns generated from other financial assets and bank deposits of HK$19.9 million (2020: HK$27.0 million), rental income from investment properties of HK$23.8 million (2020: HK$23.8 million), net exchange gain of HK$3.2 million (2020: loss of HK$1.6 million) mainly due to the appreciation of USD against HKD during the year, partially net off by HK$7.4 million unrealised fair value loss (2020: HK$7.0 million) on financial assets measured at FVPL, after adding the expected credit losses reversal recognised amounting to HK$0.6 million (2020: provision of HK$4.5 million). There was also a HK$70.9 million government subsidies recognised in 2020 whereas no such subsidies was recorded in 2021.

The decrease in bank interest income and returns from investment in other financial assets of HK$7.1 million was mainly due to the realisation of a portion of the investment portfolio to reduce the market and financial risk exposure on investment.

Finance costs is mainly composed of interest on lease liabilities of HK$9.4 million (2020: HK$8.1 million). There was an interest on bank loans of HK$1.9 million in 2020 whereas none was recorded in 2021.

Overall, the Group generated a profit for the year of HK$14.3 million for 2021 relative to HK$183.6 million for 2020 and an adjusted EBITDA profit of HK$112.7 million versus HK$236.2 million in 2020.

If excluding the Technology business segment and unallocated head office and corporate adjusted EBITDA, the adjusted EBITDA profit for Ecommerce business is HK$150.0 million in 2021 versus HK$255.8 million in 2020.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2021, the Group had total cash position representing cash at bank and in hand of HK$624.2 million (31 December 2020: HK$942.5 million) and no outstanding borrowings. The decrease in total cash position was mainly due to the net investment in financial assets of the investment portfolio of HK$115.7 million, the capital and interest element of lease rentals of HK$123.7 million, payment made for purchases of property, plant and equipment of HK$150.9 million, payment made for acquisition of a subsidiary of HK$118.0 million, interim dividend paid of HK$73.3 million, HK$23.7 million increase in payment for the addition to intangible assets, partially net off by the cash inflow generated from operating activities of HK$247.0 million, interest and investment income received of HK$19.0 million, net proceeds of HK$19.7 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$1.3 million.

On investment in other financial assets, the Group has invested, at fair value, HK$444.0 million as at 31 December 2021 (as at 31 December 2020: HK$342.3 million). As at 31 December 2021, there was a net deficit of HK$6.3 million being recorded in fair value reserve (non-recycling and recycling) (31 December 2020: a revaluation surplus of HK$1.8 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$15.5 million (as at 31 December 2020: HK$13.5 million), in which deficit of HK$7.4 million (as at 31 December 2020: HK$7.0 million), deficit of HK$5.9 million (as at 31 December 2020: HK$2.0 million) and deficit of HK$2.2 million (as at 31 December 2020: HK$4.5 million) were recorded in profit or loss, fair value reserve (recycling) and fair value reserve (non-recycling) respectively.

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

As at 31 December 2021 and 31 December 2020, the Group had not utilised any uncommitted banking facilities, leaving HK$940.7 million (31 December 2020: HK$935.1 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 2021 and 31 December 2020, 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 2021 and 31 December 2020 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 2021, the Group invested HK$228.2 million on capital expenditure as compared to HK$88.4 million in 2020. 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 2020 HK$ million	Amount utilised as at 31 December 2021 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	1.1	3.7	By the end of 2023
(ii) Adding the 6th fulfilment centre	40	–	6.1	By the end of 2022
(iii) Adding around 200 to 250 delivery trucks	around 90 to 110	19.5	26.1	By the end of 2023
(iv) Upgrading computer hardware and software	50	9.4	50.0	By the end of 2021
General working capital of the Group	around 53.2 to 73.2	–	73.2	By the end of 2021
Total	453.2	30.0	159.1	

Charge on Group Assets

As of 31 December 2021, the Group's banking facilities of HK$940.7 million were secured by the Group's other financial assets of HK$444.0 million and cash of HK$298.6 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 2021 and 31 December 2020, the Group had no material contingent liabilities or off-balance-sheet obligations.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Risks relating to our business and operations

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

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

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

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

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

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

Our business is subject to the laws and regulations of Hong Kong and other operating 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.

PROSPECTS

Ecommerce Business — HKTVmall

Operational impact from the fifth wave of COVID-19 outbreak

The fifth wave of COVID-19 outbreak have seriously affected the live of most of the Hong Kong people. In view of the further tightening measures implemented on social distancing since the beginning of 2022, the consumers have been pushed again to change their behavior including bulk purchases and shifting to online shopping.

Being the largest online shopping mall in Hong Kong, HKTVmall is trying our best effort in fulfilling customer orders under this difficult period. Nevertheless, our team in particular of frontline staff, and our merchant and supplier partners are not able to completely avoid from the pandemic. Increasing retail or consumer product operators are either shorten their operating hours or suspend their store operation. Under this condition, HKTVmall is also facing unprecedented operating challenges on order fulfilment, in particular during February to March 2022.

Our frontline manpower was inevitably impacted, for example, at the peak time, we had more than one-third delivery manpower under quarantine due to them or their close contact having been tested positive for COVID-19. Some of our business partners including merchants, suppliers and third-party logistics operators also face serious shortage in manpower or products causing difficulty in fulfilling customer orders. Hence, the fulfilment lead time for customer order was prolonged seriously and increasing product or customer order cancellation was observed. For February 2022 GMV on order intake, up to 28 March 2022, the overall cancellation rate reached approximately 3.4%.

In order to restore our fulfilment capacity, HKTVmall has immediately implemented a few measures to increase our frontline manpower including:

(1) To make up the manpower shortage, actively recruiting the unemployed workforce or those under temporary no-pay arrangement to become our drivers, couriers, warehouse assistants or O2O shop assistants by offering competitive daily rate.

(2) To ease the frontline pressure, inviting our back office Talents to stand in the administrative and supervising roles for our fulfilment and O2O shop functions.

(3) To increase fulfilment capacity, engaging third-party business partners from catering and restaurant sectors to be additional customer order pick-up points on short-term basis, with guaranteed income. As at 22 March 2022, we already signed up 57 partners to increase approximately 28.0% order pick-up points. Other than this, we also increased our own O2O shops order pick up capacity when increasing manpower resumed to work.

With the effort made, 70% of the delivery zones have shortened the delivery lead time to 2–5 days. With increasing full time manpower to resume duty from quarantine over time, we wish our fulfilment capacity can gradually restore over time. In fact, in March 2022, we expect a record high GMV on completed orders with daily fulfilled GMV increased by approximately 15.5% relative to February 2022. This demonstrated the robust resilience of the management team in coping with crisis.

This incident has reinforced our belief on the importance of extending automation to our business partners. In this regard, subject to the ongoing development of COVID-19 pandemic, when our last mile delivery capacity restores gradually, we will start to work on the "Last Mile Service Pledge" and "3rd Party Logistics Service" ("3PL service") plans as announced at the beginning of 2022.

Last Mile Service Pledge and New Business Line on 3PL Service

As mentioned in our announcement dated 10 January 2022, in order to accelerate the online shopping business growth, we plan to enhance our fulfilment capacity by two phases so as to satisfy customer needs in short timeframe. However, given the operational impact from the fifth wave pandemic as mentioned above, we have postponed the plan, and after reassessment, our plan is updated as below:

Phase 1 — by end of 1H2022: "2 days delivery" target

(1) Aiming to enhance the capacity to enable 90.0% to 95.0% delivery orders to meet the "2 days delivery" target by investing additional 40 delivery trucks and monthly an additional HK$5.0 million operating expenses.

(2) To further push the order cut-off time from 9am to 1pm, i.e., for orders confirmed by 1pm today, they will be delivered tomorrow.

Phase 2 — by end of 1H2023: "3PL business for next day delivery"

(1) Launch of 3PL service by adding floor area of 150,000 to 250,000 square feet to enable the top 85% merchant products (estimated to be approximately 150,000 SKU) to be stored and picked in HKTVmall automated fulfilment center upon customer order placement.

(2) 3PL service will further enhance the service level to end customers by centralized inventory and one-stop-shop fulfilment process, i.e., for orders confirmed by mid night, they will be delivered in the next morning.

(3) 3PL service's target customers is not only HKTVmall's merchant and supplier partners for their store at HKTVmall, it is also opened to serve their online stores set up at other platforms, or anyone who is interested to go into the online business. All these services shall be subject to storage fee, picking and packing charge on cost plus basis.

(4) This is going to be a new business line at HKTV Group with the objective to leverage on our automated fulfilment experience to accelerate the online development in Hong Kong.

Ecommerce Business 2022 Target

2022 is expected to be a turbulence year with uncertainties from geopolitical and economic environment and COVID-19 pandemic development. We consider the business shall continue to grow as the prolonged COVID-19 period has pushed people around the world to adopt their day-to-day life, including shopping, to go online. In fact, we have a strong 1Q2022, with average daily GMV on order intake in January, February and the first 28 days of March 2022 reached HK$22.5 million, HK$30.5 million and HK$23.3 million respectively. Nevertheless, the path to achieve the growth can be dynamic and this will affect the margin and costs structure. Therefore, our 2022 key business targets are built with some flexibility as follow:

(1) Annual GMV on Order Intake for HKTVmall at HK$8.0 billion to HK$8.5 billion (2021 actual: HK$6.57 billion), representing a year-on-year growth of 21.7% to 29.3%;

(2) Total gross profit margin and blended commission rate at 23.4% (2021 actual: 23.7%);

(3) Multimedia advertising income of HK$120.0 million (2021 actual: HK$90.5 million). With an early bird offer launched in September 2021, advertising fee commitments of approximately HK$90.0 million has been received by end of December 2021.

(4) Key operating costs as a % of GMV on completed orders are as below:

  a. Fulfilment costs at 12.0% to 13.5% (2021 actual: 11.7%);

  b. Marketing, promotional and O2O shop marketing expenses at 3.0% to 3.8% (2021 actual: 4.1%);

  c. O2O shop operating expenses at 2.0%–2.2% (2021 actual: 2.1%); and

  d. Ecommerce operational and supporting costs at 4.2% to 4.4% (2021 actual: 4.8%).

(5) Adjusted EBITDA as a % of GMV on completed orders at 2.0% to 2.5% (2021 actual: 2.3%)

As mentioned above, 2022 is a complicated year with a wide range of possibilities. With the objective to boost growth on GMV on order intake, the investment in fulfilment costs, and marketing and promotional expenses can be highly dynamic and may be in different magnitude and direction. In this regard, we expect the adjusted EBITDA is possible to be in a wide range of profitability.

5-year CAPEX Plan to Sustain Ecommerce Mid-Term Target

We have a mid-term target on the Ecommerce business, in 3–5 years' time, the Group can generate HK$12.0 billion to HK$15.0 billion GMV on order intake in Hong Kong from platforms powered by Shoalter Ecommerce solution. In order to achieve this mid-term target, we need to plan ahead. One of the critical success factors is the automated fulfilment capability and capacity.

In this regard, we have a 5-year CAPEX plan to expand our automated fulfilment capacity from existing 570,000 square feet to over 900,000 square feet by phases in 5 years' time, by expanding our self-owned infrastructure at Tseung Kwan O ("TKO") headquarters and adding additional facilities under long term leases. Total estimated CAPEX on construction costs and consent fee for converting entire site at TKO headquarters to permit for Ecommerce and Technology use is approximately HK$860.0 million. This CAPEX plan is particularly important to attain our mid-term business target.

Technology Business

In 2022, regarding the new business line on Fully Automated Retail Store, we target to have the first deployment on pilot run basis during the 3rd quarter of 2022 ("3Q2022") to the 4th quarter of 2022 ("4Q2022") in Manchester, subject to the development on COVID-19 pandemic.

On the other hand, given we are now having two online shopping malls, namely HKTVmall and EESE, enabled by Shoalter Ecommerce solution, we are undergoing a revamp plan on the merchant portal to facilitate their Ecommerce operation across different platforms, include the followings:

(1) Connected functions: shared same inventory portfolio with open API connection for product updates;

(2) Merchant chat: a communicator to facilitate pre-sales and post-sales communications with customers;

(3) Merchant service mobile App: anytime, anywhere to keep update and to response instantly; and

(4) Automated 3PL system: facilitate merchants to improve fulfilment speed and to streamline operation processes across multiple online platforms.

All these new functions are aimed to enhance merchant management efficiency so that they can put their focus on driving their online business performance on platforms powered by our Ecommerce solution.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, due to the recent Russia-Ukraine conflict and the international sanction measures imposed on Russia's financial system, the coupon payment and principal repayment of its foreign currency bonds is subject to high uncertainty. As at 31 December 2021, the Group holds bonds with carrying amount of HK$32,078,000 issued by one of the major financial institutions in Russia, and the full recoverability of it is uncertain. Up to the date of issue of this annual report, there is no sufficient reliable information available for the Group to assess the financial impact on its consolidated financial statements.

TALENT REMUNERATION

Including the Directors, as at 31 December 2021, the Company had 2,083 permanent full-time Talents versus 1,818 as of 31 December 2020. 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

With the growing concerns on sustainable development in the international and local society, we advocate to include environmental, social and governance ("ESG") in our business operation. This Environmental, Social and Governance Report (the "report") discloses our ESG policies, strategies and performance relating to our operation.

This report covers the Group's core businesses in Ecommerce including O2O shops operation and Technology, with data deriving from our Tseung Kwan O headquarters, O2O shops and fulfilment centres in Hong Kong as well as the office in Taiwan during the period from 1 January 2021 to 31 December 2021 (the "reporting period").

Reporting Principles

The report is prepared based on the four reporting principles, namely materiality, consistency, quantitative and balance, in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Materiality	Consistency	Quantitative	Balance
To identify the material issues, stakeholders were invited to complete a questionnaire for materiality assessment	Unless otherwise specified, the Group adopted consistent methodologies for quantitative data	Data was disclosed with calculation standards, methodologies and source of reference	The report was prepared in an impartial manner to disclose both positive and negative impacts

ESG GOVERNANCE APPROACH

A clear governance structure is indispensable for sustainable business development. We recognize the importance of sustaining our performance and growth with systematic governance.

Our ESG governance is driven by the board of directors (the "Board") of the Company as the sponsor who is committed to integrate ESG into the Group's businesses and to create ESG values to the stakeholders as a whole, as well as by the ESG task force comprising cross-functional leaders who is responsible for project planning and management.

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 review to lesson-learn and make necessary adjustment or improvement.

Below are the key ESG initiatives that the Group has, by referencing to some initiatives which had already been partly implemented by the group in or prior to the reporting year, identified in this reporting year 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	▶ To increase the amount and scope of waste recycled, and thus reduce the amount of waste sent to landfill ▶ To improve the quality of data collection of waste disposal	▶ To explore the use of electrical vehicles as a mean to reduce GHG emissions ▶ To allocate more resources (e.g. financial resources) to explore the possibility of reducing energy consumption and GHG emissions	▶ To rearrange the parking area to avoid damages of the vehicles under extreme weather conditions, such as flooding ▶ To continue a series of energy efficiency & GHG reduction measures to improve the company's overall carbon footprint performance ▶ To establish reduction targets on carbon emissions to reduce our impacts on climate change	▶ To involve staff from different execution 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	▶ To require the suppliers' commitment by signing a code of conduct or statement in cooperation contract that stipulate the requirements on relevant aspects, such as labour rights, health and safety, environmental protection ▶ To monitor and encourage the supplies to improve their ESG performance by rewarding them with incentives
WHAT WE HAVE DONE	▶ With the core operation on delivering products to customers, we have increased the usage of reusable plastic containers for delivery ▶ Partnered with suppliers to launch the recycling scheme of can of milk powder in the year ▶ Use of environmental packaging materials for certain customer order packing and protection	▶ In order to save energy, one elevator is turned off after 8p.m. while the remaining one elevator is turned off after midnight during workdays ▶ After work or use of devices, employees need to switch off the lighting systems and electronic devices ▶ Explored the use of delivery truck equipped with solar panel for engery saving	▶ 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 the support of the Board	▶ Have started initial discussions on how to enhance the ESG performance of the supply chain

The Company will continue to monitor the performances and adjust the plan to cope with our business growth.

Compliance and Risk Management

The Group abides by various applicable laws and regulations, rules and standards for a compliant and ethical operation. We have established and implemented policies and internal guidelines to further manage our daily operation and performance.

In addition, we strive to sustain our business operation with effective risk management. The Board is responsible for risk management including identified ESG risks. Also, the Audit Committee reviews our risk management and internal control systems with the empowerment of the Board. It provides recommendations to the Board, while the management is responsible for overseeing and review of ESG performance and compliance control. In 2021, we 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. During the reporting year, there was 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.

Stakeholder Communication

The Group recognises that stakeholders plays an important role in our success and is possible to influence our business operation. Factoring in the different mode 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.

Talents	Shareholders	Suppliers and Merchants	Customers	Communities
Regular meetings	Company's website and social media	Company's website and social media	Company's website and social media	Company's website and social media
Billboard	Annual reports, interim reports and circulars to shareholders	Industry conferences	Seminars	
Annual appraisal meetings	General meetings with shareholders and investors	Seminars, webinars and workshops	Email, chatbot and hotline	
Intranet and email	Investor meetings and conferences	Email	Product rating and comments	
Channels for complaints and feedback	Press releases and announcements	Onsite visit		
Survey		Product rating and comments		

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

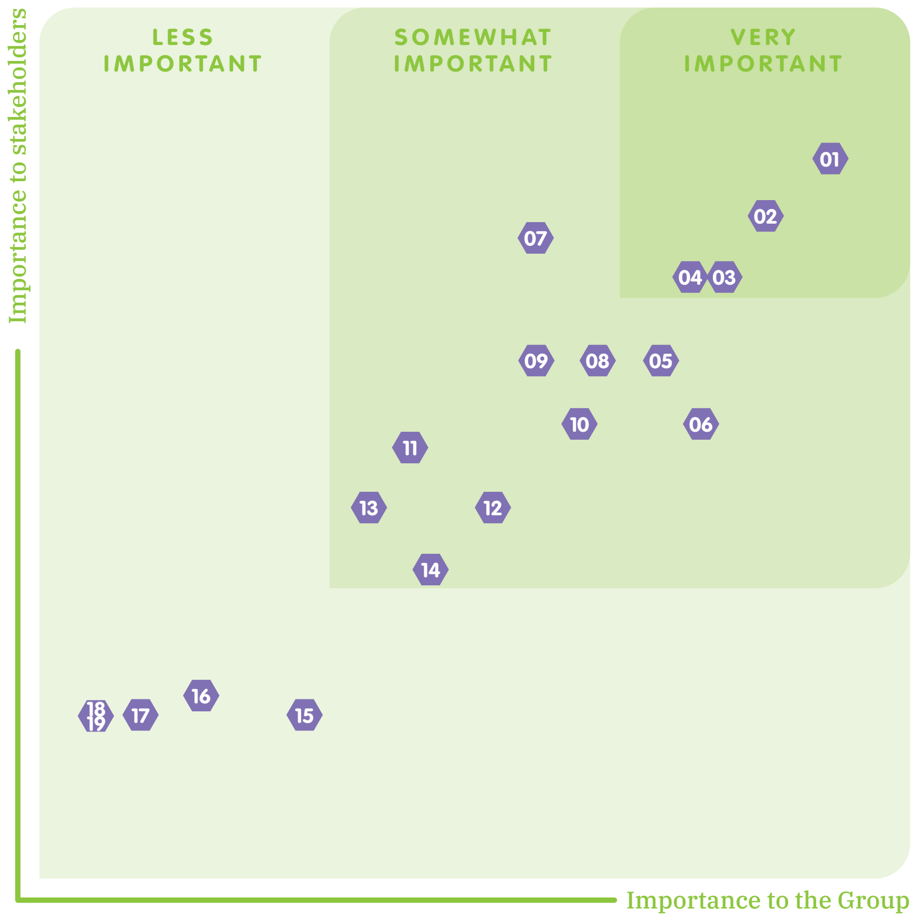
1 Based on the market trends, standards, media coverage, benchmarking analysis and insights, 19 ESG related issues were identified.

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.

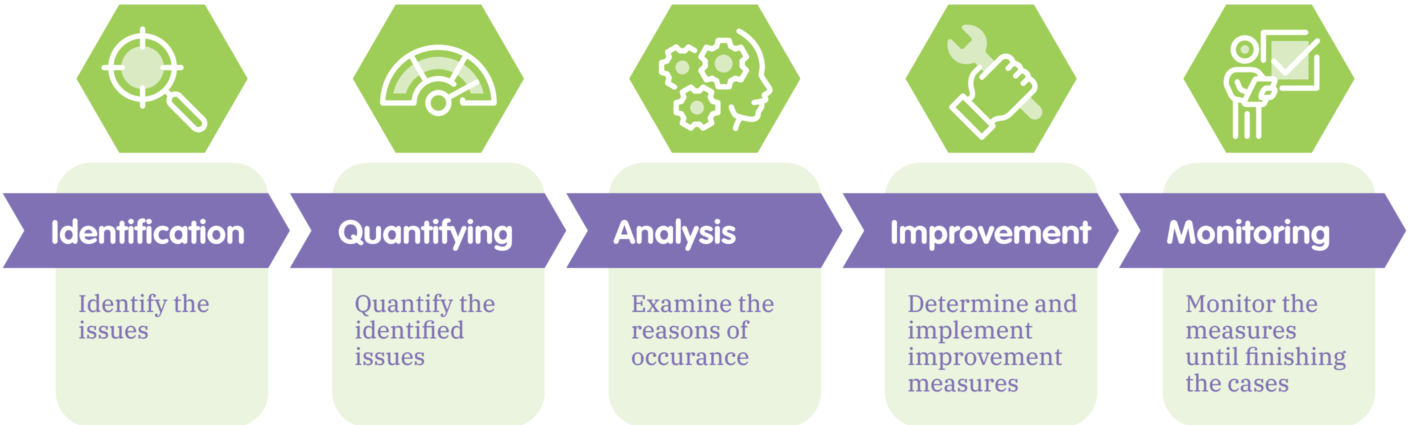


01 Protection of customer information and privacy
02 Anti-corruption
03 Product quality and safety
04 Protection of intellectual property rights
05 Employment system
06 Responsible marketing and advertising
07 Health, safety and well-being
08 Training and development
09 Human rights
10 Materials
11 Diversity 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 merchant's products. To that effect, we have formulated comprehensive and strict measures to govern and control product responsibility, including safety, quality, advertising, labelling, in accordance with the applicable regulatory requirements, including imposing applicable product requirements and standards in the contracts with suppliers and merchants. Also, we undergo regular assessment and review 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 events of potential food safety or quality issues as well as to collect and maintain important information about merchants' and suppliers' compliance with food safety standards. A total of 2,377 products were recalled due to health and safety reasons.

	2021	2020
Products sold	**107,855,960**	95,711,269
Products recalled	**2,377**	2,192
Percentage	**0.002%**	0.002%

Customers are provided with various communication channel, such as social media platform, chatbot, email and VIP member hotline to raise product concern to us. We conduct investigation when there is a product issue or if a product complaint received. For a founded case, we provide feedback to the respective merchant or supplier, 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 form of refund or product replacement.

During the reporting period, we received 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 a self-developed mark. 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's of the customer's or our talent's, is at the centre of our heart. We have published 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 for personal data handling. We also conduct internal training sessions from time to time to enhance awareness with regards to the importance of customer data protection. From a cybersecurity aspect, we conduct regular cybersecurity audits and reviews with continuous upgrade and enhancement measures executed hand-in-hand.

Anti-corruption

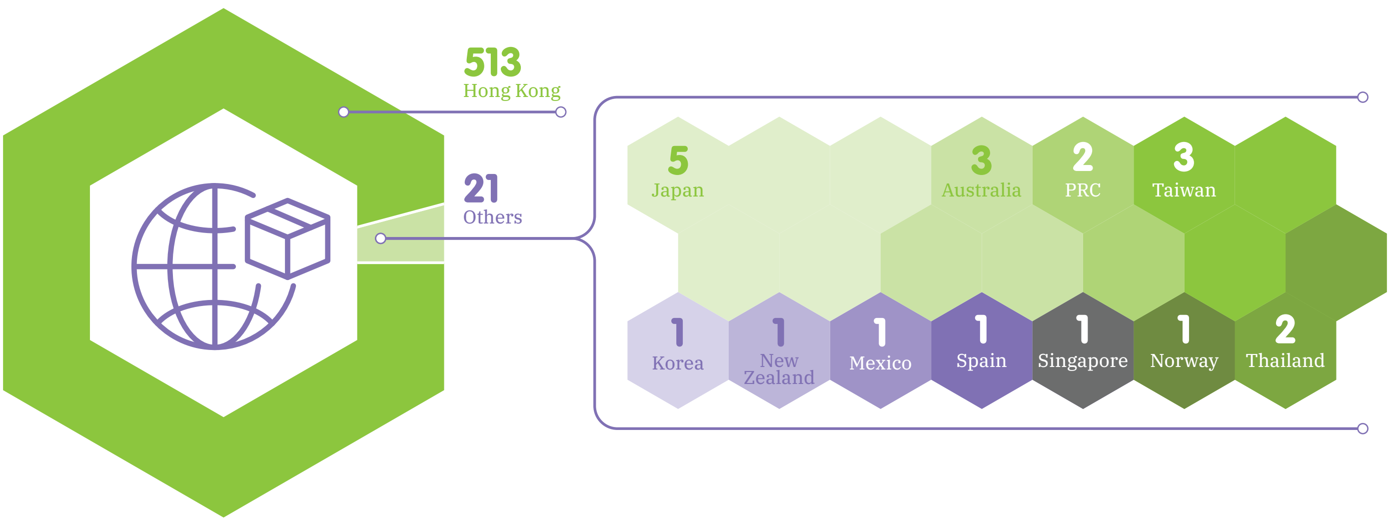
The Group upholds integrity in every aspects and has formulated Anti-Corruption and Conflicts of Interest Policy and Code of Business Conduct and Ethics for managing and monitoring the operating practices. Our policies provide clear and strict guidelines for all our Talents to make sure all of their practices comply with the laws and regulations as well as the internal standards. If there is 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 their department heads or the Audit Committee, under the protection of Company Policy and Code of Business Conduct and Ethics, that information of the whistleblower are kept confidential. Investigation is carried out with a fair and zero tolerance attitude to all kinds of violations, including but not limited to bribery, fraud, corruption and money laundering. 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, trainings were 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. With the implementation of policies and trainings, we did not receive any legal cases regarding unethical operating practices during the reporting period.

Supply Chain Management

Suppliers and merchants are fundamental to our rapid business growth. To maximize the positive influence and minimize the negative impacts and risks, we have established procurement procedure 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 and safety registration certificates and verification checks, etc as summarized below:

At the same time, we indicate our standards, which are stated in the Group's policies, for their ESG performance to minimize the negative impacts with 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 534 suppliers from Hong Kong, Japan, Korea, PRC, Taiwan and other countries. On merchants, we partnered with over 4,600 merchants from Hong Kong, 3 from Taiwan, 1 from Australia, 1 from Macau and 1 from Singapore. All of them were engaged and selected according to the established procedure.



Total numbers of Suppliers

PEOPLE-ORIENTED

Talents Management

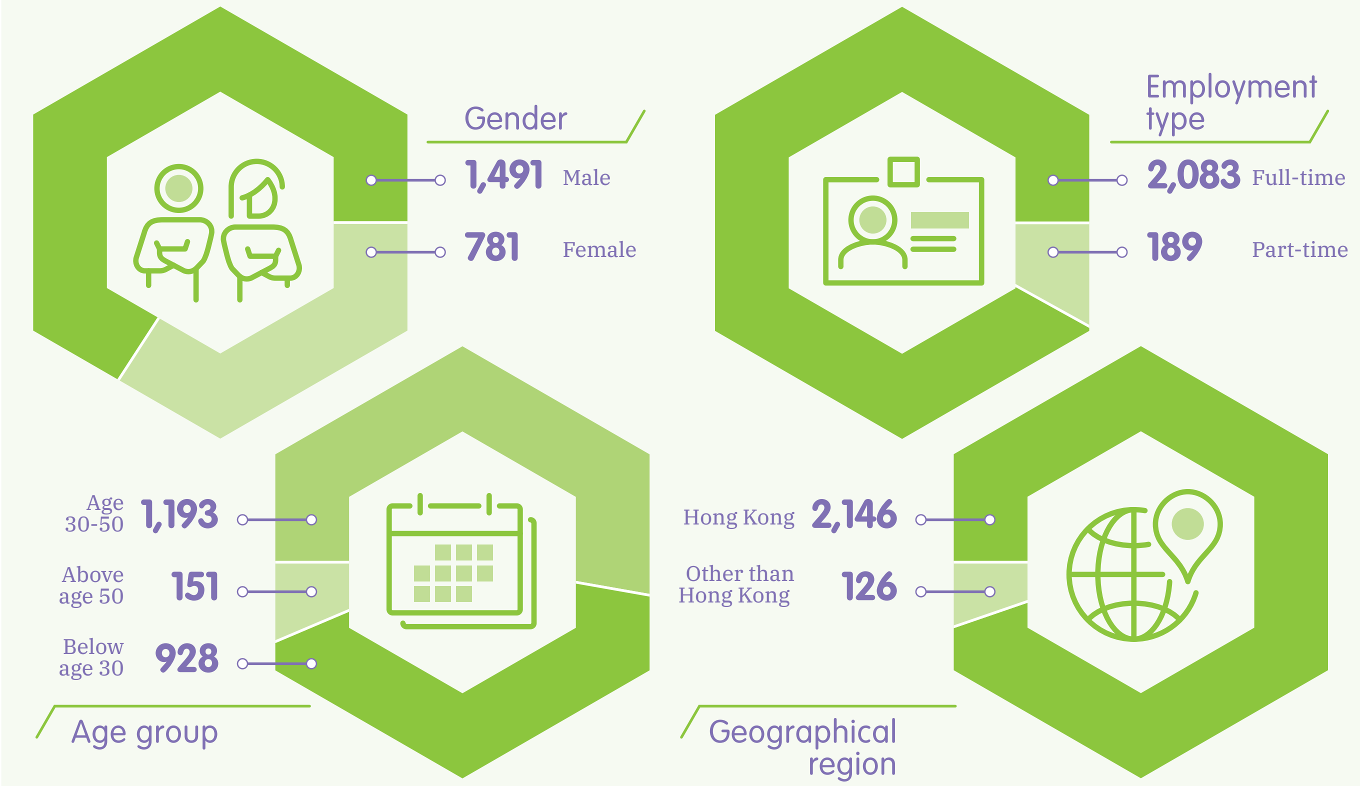
Our employees are termed as "Talents" which are the cornerstone of our business. As the largest online shopping mall in Hong Kong and newly started Technology business, we employed more than 2,000 Talents. In order to provide a people-oriented working environment to protect and retain our Talents, we 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 welfares, 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, compensation, benefits, workforce planning and Talent 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 labor in our operation. If there is any child and forced labor 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.

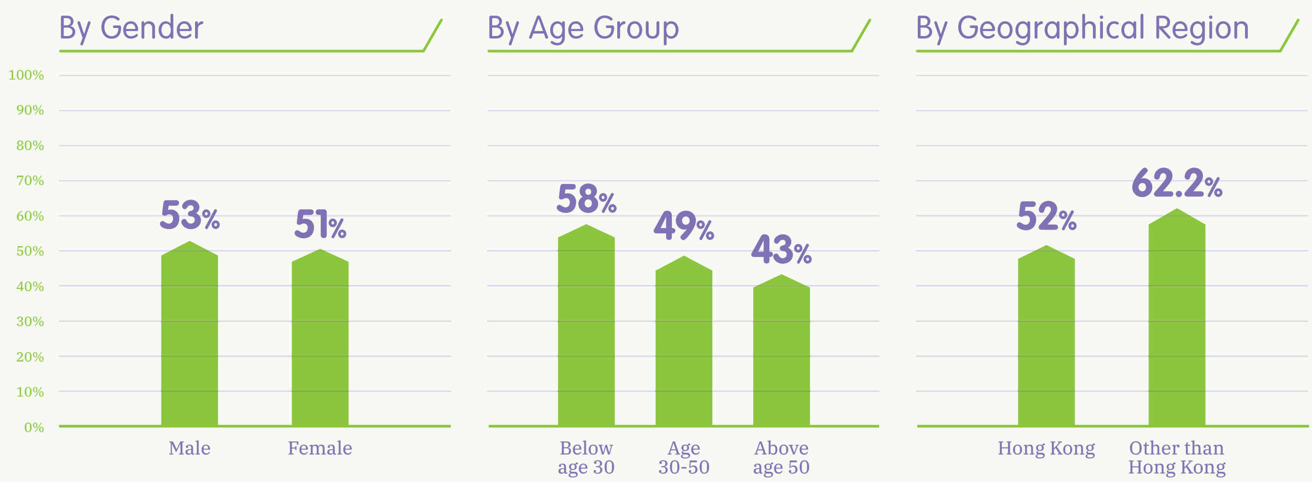
To attract and retain our Talents to support our business development and maintaining high quality service, we regularly update and improve our policies and measures to provide competitive remuneration package for our current or potential Talents. They are offered a comprehensive package including various leave arrangements such as annual leave, birthday leave and family care leave, flexible working hours, shuttle bus service, shopping discounts, free broadband internet access and types of allowances and insurances. Their remuneration packages are adjusted in related to their positions and work performance. With fair and equal opportunities that value individuality and uniqueness, Talents of all ages and aspirations are welcomed to join us and be offered with corresponding remuneration package.

At the end of the reporting period, the Group employed a total of 2,272 Talents of which 2,083 are full-time and 189 are part-time. Also, we obtained a voluntary turnover rate of 52.4%, mainly due to the high turnover rate at O2O shops, logistics and fulfillment and customer services functions, within the reporting period. The number of Talent by each category and the corresponding voluntary turnover rate is as follows:

Number of Talents



Voluntary Turnover Rate



Talents Health and Safety

The Group values the safety and well-being of our Talents and has formulated policies and measures to minimize the potential threats and hazards in the workplace. Our Code of Business Conduct and Ethics indicates our commitment to protect 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

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

Equipment and awareness

- Provide occupational safety and health videos for raising awareness
- Put up posters at prominent locations in warehouses and on trucks
- Fully sponsor the purchase of safety shoes for mandatory use
- Install safety net at the back of all delivery trucks
- Widen steppers at the back door of the delivery trucks

With the multiple outbreaks of COVID-19, we are greatly concerned about the health and safety of our Talents and have implemented measures to protect them from the pandemic.

Personal hygiene

- Mandatory body temperature check and disinfection of hands and footwear upon entry of Talents and visitors
- Request wearing protective equipment properly during work or visits
- Request not to have face-to-face meals with each other

Workplace 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

In the past three years including the reporting period, the Group did not have any work-related fatalities. In 2021, there was a total of 21,843 lost days due to work-related injuries. The Group will continue to perform regular review to improve our management systems and measures for establishing a safe and healthy working environment.

Acquisition and Training

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 on improving their skills and abilities.

Talent Acquisition

- To cope with the Group's rapid business development, we focus on recruiting Talents for our Logistic and Fulfilment, O2O shops and Research and Development functions. Other than job postings at various recruitment websites and career talk at tertiary schools, we also organized various events, such as Open Recruitment Day and Mobile Recruitment Trucks, and used social media platforms to attract Talents for different positions and disciplines.
- To cope with the continued expansion on 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, we have continuedly recruited programmers, quality assurance engineers, system and mechanical engineers and full stack developer, for our business segment as a Technology Solution Provider.
- To bring fresh graduate Talent acquisition process well ahead of university graduation, we organized an internship program. This internship opportunity gives chances for university students to practice and learn at a real workplace and provides us opportunities to identify the best students to build the next leadership pool. On 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 2021, interns have 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. After being successfully selected, we review the trainees' performance regularly for continuous improvement as well as to mould them to fit into the Group's culture as quick as possible.
- Our Management Trainee Program aims to develop a distinguished Talent pool for the future C-level corporate executives ("CXO") in 12-18 months. Management Trainees are offered with cross-departmental attachment to equip knowledges 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 modeling 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

- Beyond the program for Management Trainees, we also provide opportunities for Talents in specialized roles and functions. 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 leader of the department.

Overall, the Group's learning and development functions were mainly structured based on the below 6 key areas which is tailor-made to Talents from different professions in the Group:

Leadership and Supervisory

- For our Management Trainees and Graduate Trainees, we provide a 12-18 months program for them to equip with solid knowledge on the opertaion and industry. They are offered job attachments to various divisions and departments for getting the essence of our end-to-end Ecommerce operation and Technology Solution provisioning. In 2021, Fundamental Management Training Program was conducted to all Management Trainees and Graduate Trainees aiming to provide a 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 2021, IT, Logistics and Fulfilment supervisory workshops were conducted to enhance their management skill sets. A new program was started in 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 organized 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 provide briefing on safety working procedure before the frontline Talents start to work. Particularly, to create high awareness of COVID-19 precaution measures, we organize training sessions on the first day of the orientation program for all frontline Talents, as well as regular online refreshment sessions to 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 launch 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 2021, other than continuing the workshop on HKTVpay, a new workshop was also conducted for the launch of EcoMart — an exclusive marketplace at HKTVmall for all our customers who can upload their idle items to this platform to trade, exchange or give away as a gift to other customers.

Inter-departmental sharing

To enrich the cross department understanding and knowledge, our Departmental Sharing sessions and Be a Coach training series are continued 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 the COVID-19 since 2020, we organize workshops to relief the stress and pressure from the uncertainty and health concerns. Talents are always welcomed to join our workshops of all kinds of topics, such as stress management and work efficiency, with the expectation of staying positive and mentally healthy during the tough time. To prevent infection from face-to-face activity, we organize the workshop virtually.

Customer satisfaction

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

The Group has 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 to 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 trainings 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 more consistent and responsive customer service level to deliver to our customers.

Office-based

Same as our frontline Talents, we provided orientation workshop 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

With the threats posed by COVID-19, we organized the Impactful COVID-19 Video Sharing at the beginning of the year to all Talents to enhance their knowledge and understanding on the possible impact of COVID-19 on personal health. Moreover, we organized varieties of training for all our Talents, including New Normal Workshop Series for sharing tips on online presentations, Smart Goal Setting, Data Protection Refreshment, Department Sharing Series, Tableau Training, as well as Wine Testing Series for sake and champagne to equip with knowledge in production and differentiation of wines, etc. Apart from these training or sharing activities, we organized competition and contest, such as Table Tennis Competition and Rowing Machines Contest, to promote health 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.

During the reporting period, 56.4% trained Talents are male and 43.6% are female, with an average of 6.7 and 6.3 training hours respectively.

	Gender		Talent category		
	Male	Female	Management level	Operations & supporting Talents	Fulfilment Talents
Percentage of trained Talents	56.4%	43.6%	4.6%	78.9%	16.5%
Average training hours	6.7	6.3	2.9	7.5	3.0

ENVIRONMENTAL CONSERVATION

Our approach to environmental stewardship is twofold — we aim to minimise the environmental impacts from our activities and work in partnership with stakeholders to contribute to a resilient environment. Our ESG policy includes the principles that guides 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

On Ecommerce and O2O shop operation, we understand that waste management is essential. We manage and reduce waste generated by employing proper waste handling and monitoring practices which is in compliance with the Waste Disposal Ordinance.

Beyond the emphasis on hazardous and non-hazardous waste generated, we recognize the importance of managing the environmental impacts of our packaging materials, especially for the single-use and plastic materials. Reduction measures have been introduced in respect of the needs and operation of our operating sites.

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 packaging issues that are still of good consumption quality

Recycling

- Collect and recycle milk powder cans from internal and external stakeholders
- 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

During the reporting period, the Group has enhanced the data collection process on waste and resources management by implementing 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 in 2021 was largely enhanced.

In 2021, due to the enhancement in data collection and measurement process and increase in sales, the amount of recycled paper and plastic, packaging materials and advertising materials as recorded for 2021 have increased significantly. Also, the Group disposed 401.40 tonnes of pallets in 2021. During the reporting period, the Group did not produce any hazardous waste during operation.

Non-hazardous wastes (in tonnes)	2021	2020
Recycled paper	**653.76**	157.00
Recycled plastic	**395.16**	11.50
Total non-hazardous waste	**1,048.92**	168.50
Non-hazardous waste intensity (in tonnes/$ million GMV on completed orders)	**0.16**	0.03

Packaging material, paper consumption and advertising materials (in tonnes)	2021	2020
Total packaging materials used for finished products[1]	**1,013.09**	738.06
Packaging material intensity (in tonnes/$ million GMV on completed orders)	**0.156**	0.126
Total paper consumption, excluding packaging and advertising materials	**12.04**	19.24
Total paper consumption intensity (in tonnes/$ million GMV on completed orders)	**0.002**	0.003
Total advertising materials used[2]	**52.17**	33.16
Advertising material intensity (in tonnes/$ million GMV on completed orders)	**0.008**	0.006

Even though we have not encountered any challenges on 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 utilization. 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, a total of 20,104 cubic metres of water was consumed with increasing demand for cleansing to maintain the standards of hygiene especially under the COVID-19 pandemic, and also as a result of enlarged fulfilment and O2O shop operations. It resulted in the 24.2% increase in the total consumption.

Water consumption (in cubic metres)	2021	2020
Total water consumption	**20,104**	16,190
Water consumption intensity (in cubic metres/$ million GMV on completed orders)	**3.10**	3

1 Includes paper box, bubble pack, paper bags, plastic bags, labels, stretch film, packaging tape, PE plastic and oxo-degradable additive material and paper wrap.

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

Apart from the established measures for wastes 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.

Carbon Emissions

As one of the causes for climate change, carbon emissions 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 on carbon reduction in the ESG policy. For our Ecommerce and O2O shop operation, we recognize the unavoidable emissions from our delivery fleet and operating sites. In order to minimize the environmental impacts, we explore ways with innovative and technological solutions. For example, we have launched an App for couriers to optimize the delivery routes, and continuously upgrade our conventional vehicles in accordance with the latest emissions standards. By the end of 2021, 97% (2020: 93%) of vehicles in our delivery fleet were compliant with Euro 5 or Euro 6 standards, or zero-emission vehicles.

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 was 11,985.96 tonnes of CO2-e, with the intensity of 1.85 tonnes of Co2 equivalent/$ million GMV on completed orders. With the enhancement of data collection system, the total emissions increased by around 5.9% but in a more efficient manner with expanded business operations.

Greenhouse gas emissions[3] (in tonnes of CO2-e)	2021	2020
Scope 1		
Mobile sources combustion[4]	**4,108.38**	3,661.57
Releases from equipment and systems[5]	**788.55**	Not available
Scope 2		
Purchased electricity	**7,089.03**	7,661.67
Total greenhouse gas emissions	**11,985.96**	11,323.25
Greenhouse gas intensity (in tonnes of Co2 equivalent/$ million GMV on completed orders)	**1.85**	1.94

For the air pollutants, the nitrogen oxides, sulphur oxides and respirable suspended particles increased by around 11.3%, 14.3% and 10.2% respectively.

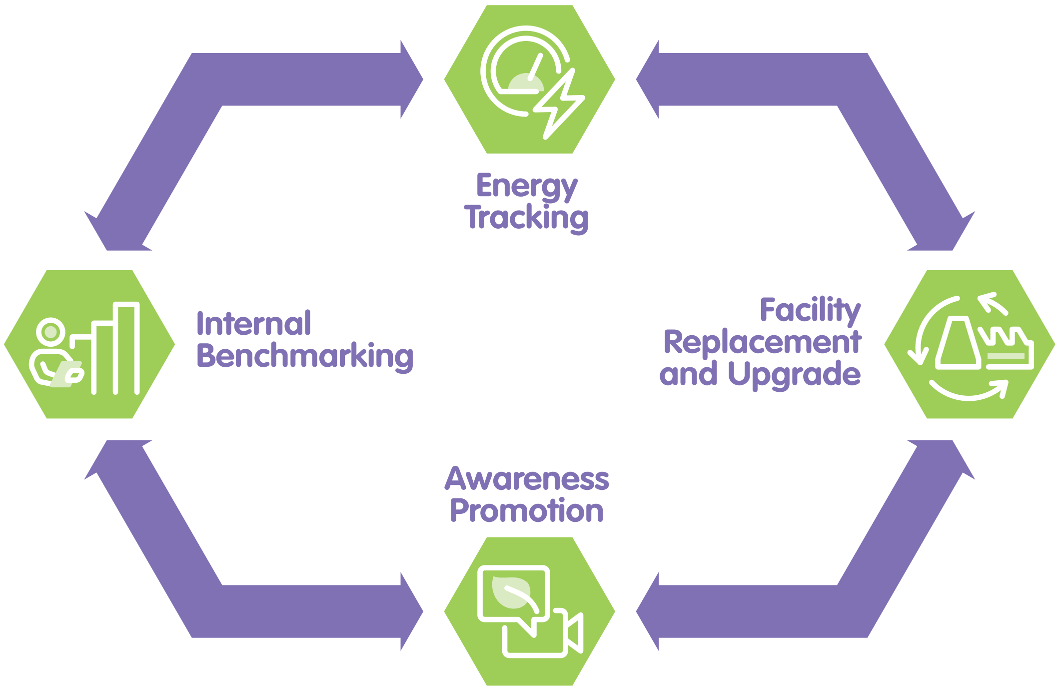
Air pollutants[6] (in kg)	2021	2020
Nitrogen oxides	**21,193**	19,045
Sulphur oxides	**24**	21
Respirable suspended particles	**1,012**	918

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

3 Calculated with reference to HKEX "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".
4 Includes diesel combusted by company owned vehicles.
5 Includes R404A refrigerant emissions.
6 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 that clearly stipulates the principles and guideline on responsible use of energy. 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 elevators after 10p.m. and encourage switching off the electronic devices after used.



In 2021, the total energy consumption was 32,655,394 kWh, of which 15,200,671 kWh for diesel and 17,454,723 kWh for electricity consumption. Because of the increasing use of delivery vehicles, additional fulfilment centre and O2O shop expansion with the growth in customer orders from average daily order number of 32,300 in 2020 increased to 39,000 in 2021, the total energy consumption increased by around 30.2%.

Energy consumption[2] (in kWh)	2021	2020
Direct energy consumption		
Diesel	**15,200,671**	14,136,168
Indirect energy consumption		
Electricity	**17,454,723**	10,945,247
Total energy consumption	**32,655,394**	25,081,415
Energy intensity (in kWh/$ million GMV on completed orders)	**5,028**	4,296

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 operation and formulating policies and measures to lower the risks. Our ESG policy stipulates the principles on reducing our environmental impacts as well as to minimize the emissions that contribute to 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.

Beyond the reduction measures to lessen the impacts, we have formulated the Climate Change Policy Statement to diminish the climate related risks to our business, with the hope to ensure instant response to the threats.

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 of 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 Policy, 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 2021, we donated 1,849 pieces of home appliance, parenting products and shoes, and 103 tonnes of food and consumables to various organizations, such as Branches of Hopes (The Vine Church), Gracious Shepherd Christian Church, Lord's Grace Christian Church and the Church of Livingstones Shek Lei, for the good sake of our neighbors. 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 help the development of our community.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHEUNG Chi Kin, Paul

Chairman

aged 64, 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 60, 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 and digital ecosystem 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, assisting traditional supermarkets or retailers to establish online shopping mall and enter into digital retailing in Hong Kong and globally, with our eCommerce knowledge, experiences and technical knowhow. At the same time, Mr. Wong 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 47, 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. Ms. Wong leads the finance, investor engagement, talent acquisition and management, legal and company secretarial, and administration functions of the Group. She is one of the core drivers on the Group's strategic and corporate development on the Ecommerce business and Technology Solution business. Prior to that, Ms. Wong was the Financial Controller of the Group. She has extensive experience in financial management, corporate finance and global investor relations, in particular on the telecommunications, multimedia and eCommerce industries. 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. Before joining the Group, Ms. Wong had worked for PricewaterhouseCoopers in Hong Kong primarily focusing on the technology, info-communications and entertainment sectors.

Mr. LAU Chi Kong

Chief Executive Officer (International Business)

aged 40, 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 40, 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 75, 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.

Mr. PEH Jefferson Tun Lu

aged 62, 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 69, 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 2 December 2019. Mr. Mak is a member of Hong Kong Housing Society and is currently a member of its Human Resources Committee and Supervisory Committee. 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 2021.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of corporate governance and is committed to the maintenance of high corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group.

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its corporate governance code of practices.

Throughout the year ended 31 December 2021, the Company had complied with the applicable code provisions as set out in the CG Code and Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by Directors of the Company (the "Company Code").

Having made specific enquiry with the Directors, all of them have confirmed that they have fully complied with the required standard set out in the Model Code and the Company Code throughout the year ended 31 December 2021 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.

THE BOARD (continued)

(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 the year ended 31 December 2021 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.

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 49 to 51 of this annual report.

THE BOARD (continued)

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

In accordance with Articles 96 and 99 of the Articles, Mr. Cheung Chi Kin, Paul , Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin 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 and, in the meantime, he is also responsible for the day-to-day management as well as the business direction of the Hong Kong and international business operations of the Group. The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals for the purpose of ensuring an effective segregation of duties and a balance of power and authority.

(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.

THE BOARD (continued)

(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 the year ended 31 December 2021, the Board held five meetings to deliberate the interim and final results announcements, financial reports, to recommend or declare dividends and to discuss significant issues and general operation of the Company, all of which were convened in accordance with the Articles.

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

Name of Directors	Number of meetings attended/held
Executive Directors	
Mr. Cheung Chi Kin, Paul	5/5
Mr. Wong Wai Kay, Ricky	5/5
Ms. Wong Nga Lai, Alice	5/5
Mr. Lau Chi Kong	5/5
Ms. Zhou Huijing	5/5
Independent Non-executive Directors	
Mr. Lee Hon Ying, John	5/5
Mr. Peh Jefferson Tun Lu	5/5
Mr. Mak Wing Sum, Alvin	5/5

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 (the "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.

At the Nomination Committee meeting held on 29 March 2022, 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 the year ended 31 December 2021. Executive Directors 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 2020 and for the six months ended 30 June 2021;

(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 2020 and review of the Company's interim financial report for the six months ended 30 June 2021; 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 A.5.2 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.

Pursuant to code provision B1.5 of the CG Code, the remuneration of the senior management's emoluments for the year ended 31 December 2021 is set out in note 10 to the financial statements.

BOARD COMMITTEES (continued)

(iii) Remuneration Committee (continued)

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;

(ii) reviewed and approved the remuneration packages of the Executive Directors; and

(iii) reviewed and approved the conditional grant of award shares to one Executive Director.

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 performing the corporate governance duties as required 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 the year ended 31 December 2021. 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 the year ended 31 December 2021 is set out in the "Independent Auditor's Report" on pages 76 to 80 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 9 June 2021 (the "AGM").

For the year ended 31 December 2021, the total fee paid to the Company's external auditor, KPMG, in relation to audit and non-audit services of the Group amounted to approximately HK$3,032,000. Details are set out below:

Type of Services	**FY2021 HK$'000**	FY2020 HK$'000
Audit and audit related services	**2,826**	2,496
Non-audit services — tax compliance	**206**	77
Total	**3,032**	2,573

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 49 to 51 of this annual report.

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

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.

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

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.

An external audit firm has been appointed to perform the internal audit function in assessing and monitoring the internal controls of the Group. The external audit firm 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 external audit firm 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 the year ended 31 December 2021, 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.

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.

COMMUNICATION WITH SHAREHOLDERS (continued)

General Meetings with Shareholders

The 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 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 O 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.

SHAREHOLDERS' RIGHTS (continued)

Procedures for putting forward proposals at general meetings by shareholders

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

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

Procedures for directing shareholders' enquiries to the Board

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

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there were no significant changes in the constitutional documents of the Company.

Report of the Directors

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2021.

REGISTERED OFFICE

Hong Kong Technology Venture Company Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office 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) the operation of Ecommerce business including but not limited to the end-to-end online shopping mall operation, multimedia production and other related services; and (ii) the research and development, and provision of technology solutions including an integrated end-to-end eCommerce solution as a service aiming to enable traditional supermarkets or retailers locally and globally to enter into digital retailing successfully, and the invention and operation of patented automated retail store solution. The principal activities of its major subsidiaries are detailed in note 14 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 is set out in the sections headed "Chairmen's Statement" and "Management's Discussion and Analysis" from pages 12 to 13 and pages 15 to 31 of this annual report respectively. Description of the principal risks and uncertainties facing the Group is set out in the section "Principal Risks and Uncertainties" on pages 28 to 29 of this annual report.

RELATIONSHIPS WITH STAKEHOLDERS

The Group understands that it is important to maintain a good relationship with business partners, customers, suppliers and merchants to achieve its long-term goals. Accordingly, our management have maintained a solid communication channel and shared business updates with them when appropriate. This communication provides valuable feedback for our business and assists us to understand stakeholders' needs and assess the best way to leverage our resources and expertise to contribute to future business and community development.

An account of the Company's relationships with its Talents is set out in the section headed "Management's Discussion and Analysis" from pages 15 to 31 and "Environmental, Social and Governance Report" from pages 32 to 48 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.

In addition, discussion on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report" on pages 32 to 48 of this annual report.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2021 and the financial position of the Company and the Group as at that date are set out in the financial statements from pages 81 to 148 of this annual report.

ANALYSIS ON FINANCIAL PERFORMANCE

An analysis of the Group's performance during the year ended 31 December 2021 is set out in the sections headed "Operational Highlights", "Financial Highlights" and "Management's Discussion and Analysis" on page 2, page 3 and from pages 15 to 31 of this annual report.

DIVIDEND POLICY AND DIVIDENDS

The Board's dividend policy aims to allow the shareholders of the Company to participate in the Company's profits while allowing the Company to retain sufficient capital and reserves for sustainable growth. The proposal of payment and determination of amount of any dividend is made at the discretion of the Board, taking into account factors including:

1. Company's prevailing and expected results of operations and profitability;

2. Liquidity position;

3. Capital investment plans (including investment opportunities and development plans); and

4. Market condition.

The Company's current dividend payout guidance is about 30%–60% of the adjusted EBITDA. Given the strong liquidity position and profit generating ability of the Company, this guidance shall prevail, until there is significant investment opportunity appears, at which point the Board will then review the dividend policy.

An interim dividend of HK8 cents (six months ended 30 June 2020: nil) per ordinary share of the Company in cash was paid on 6 October 2021.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2021. No final dividend was declared for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the Company's forthcoming annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 1 June 2022.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$416,700 (2020: HK$280,000).

SHARE CAPITAL AND SHARE OPTIONS

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

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Schemes" as set out on pages 70 to 74 of this annual report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2021, calculated in accordance with the provision of Part 6 of Companies Ordinances (Cap. 622) of the laws of Hong Kong, amounted to approximately HK$1,772,803,000 (2020: HK$1,830,491,000).

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 149 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 the year ended 31 December 2021.

GROUP'S BORROWINGS

The Group had no outstanding borrowings as at 31 December 2021 and 2020.

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, Mr. Cheung Chi Kin, Paul , Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

DIRECTORS OF SUBSIDIARIES

The list of names of all directors who have served on the boards of the Company's subsidiaries 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 employing company 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

Brief biographical details of the Directors and senior management are set out on pages 49 to 51 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 the year ended 31 December 2021 are set out in note 10 to the financial statements.

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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

At 31 December 2021, 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 (the "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	6.58%
Mr. Wong Wai Kay, Ricky	–	355,051,177 Note (2)(ii)	–	355,051,177	10,000,000	365,051,177	39.81%
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	0.44%
Ms. Zhou Huijing	–	–	–	–	3,500,000	3,500,000	0.38%

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Long position in ordinary shares and underlying shares of the Company (continued)

Notes:

(1) This percentage is based on 917,006,943 ordinary shares of the Company issued as at 31 December 2021.

(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 2021, 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 (the "2012 Share Option Scheme") and 2 June 2020 (the "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

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

The total number of shares which may be issued upon exercise of options to be granted under the scheme shall not exceed 10% of the total number of shares in issue as at the date of adoption of the 2012 Share Option Scheme on 31 December 2012 (i.e. 80,901,664 shares). As at the date of this annual report, the number of shares available for issue in respect thereof is 10,707,964 shares, representing approximately 1.17 % of the issued shares of the Company as at 31 December 2021.

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.

SHARE OPTION SCHEMES (continued)

The 2012 Share Option Scheme (continued)

(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.

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

The 2012 Share Option Scheme will remain in force for a period of 10 years commencing on 31 December 2012 up to 30 December 2022.

SHARE OPTION SCHEMES (continued)

The 2012 Share Option Scheme (continued)

(10) Details of the share options granted under the 2012 Share Option Scheme as at 31 December 2021 are as follows:

Participants	Date of grant	Exercise price per share HK$	Balance as at 1 January 2021	Options granted during the year	Options exercised during the year	Options cancelled/ lapsed during the year	Balance as at 31 December 2021	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	–	–	–	3,090,000	21 February 2017 to 28 February 2018	1 March 2018 to 20 February 2027
	27 December 2019	3.420	10,724,350	–	5,576,300 (Note 2)	3,900 (Note 3)	5,144,150	27 December 2019 to 31 December 2020	1 January 2021 to 26 December 2029
	27 December 2019	3.420	10,724,350	–	–	602,600 (Note 4)	10,121,750	27 December 2019 to 31 December 2021	1 January 2022 to 26 December 2029
	14 January 2020	3.840	157,500	–	157,000 (Note 5)	–	500	14 January 2020 to 31 December 2020	1 January 2021 to 13 January 2030
	14 January 2020	3.840	157,500	–	–	–	157,500	14 January 2020 to 31 December 2021	1 January 2022 to 13 January 2030
	31 March 2021 (Note 6)	12.788	–	1,200,000	–	–	1,200,000	(Note 7)	(Note 7)
Total			55,746,700	1,200,000	5,733,300	606,500	50,606,900		

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$12.45.

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

4. The options were cancelled during the year under review.

5. The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$13.79.

6. The closing price per share immediately before the date of grant was HK$11.80.

7. The exercise of the options is subject to certain conditions that must be achieved by the grantees. The validity period of the options is from 31 March 2021 to 30 March 2031.

The 2020 Share Option Scheme

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

(1) Purpose

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

(2) Eligible participants

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

(3) The total number of shares available for issue

The total number of shares which may be issued upon exercise of options to be granted under the 2020 Share Option Scheme and any other share 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, no share option has been granted under the 2020 Share Option Scheme since it has been adopted.

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.

(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.

SHARE OPTION SCHEMES (continued)

The 2020 Share Option Scheme (continued)

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

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

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

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

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

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

(8) The basis of determining the exercise price

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

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

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

During the year ended 31 December 2021, 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" as set out on pages 70 to 74 of this annual report, at no time during the year ended 31 December 2021 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 2021, 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	38.72%
Schroders Plc	Investment Manager	55,125,000	6.01%

Note: This percentage is based on 917,006,943 ordinary shares of the Company issued as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, 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 the year ended 31 December 2021.

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 the year ended 31 December 2021, 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 52 to 64 of this annual report.

RETIREMENT SCHEME

Throughout the year ended 31 December 2021, 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, 30 March 2022

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 81 to 148, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021 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	How the matter was addressed in our audit
The Group's Ecommerce income, which totalled HK$3,038.6 million for the year ended 31 December 2021, 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.	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

30 March 2022

Consolidated Income Statement

For the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Turnover	2	**3,130,164**	2,877,884
Direct merchandise sales	2	**2,047,194**	1,970,326
Cost of inventories		**(1,575,052)**	(1,463,465)
		472,142	506,861
Income from concessionaire sales and other service income	2	**991,410**	883,754
Multimedia advertising income and licensing of programme rights	2	**90,667**	23,804
Technology business income	2	**893**	–
Valuation gains/(losses) on investment properties	12	**16,100**	(6,050)
Other operating expenses	4(a)	**(1,602,323)**	(1,330,916)
Other income, net	3	**47,126**	116,880
Finance costs	4(b)	**(9,915)**	(10,192)
Profit before taxation		**6,100**	184,141
Income tax credit/(expense)	5	**8,165**	(560)
Profit for the year		**14,265**	183,581
Attributable to:			
Equity shareholders of the Company		**14,780**	183,581
Non-controlling interests		**(515)**	–
Profit for the year		**14,265**	183,581
Earnings per share	8		
Basic and diluted		**HK$0.02**	HK$0.20

The notes on pages 87 to 148 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Profit for the year		**14,265**	183,581
Other comprehensive income for the year	7		
Item that will not be reclassified to profit or loss:			
Equity instruments designated at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)		**(2,177)**	(4,541)
		(2,177)	(4,541)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		**159**	(84)
Debt securities measured at fair value through other comprehensive income — net movement in fair value reserve (recycling)		**(5,891)**	(1,953)
		(5,732)	(2,037)
Other comprehensive income for the year		**(7,909)**	(6,578)
Total comprehensive income for the year		**6,356**	177,003
Attributable to:			
Equity shareholders of the Company		**6,871**	177,003
Non-controlling interests		**(515)**	–
Total comprehensive income for the year		**6,356**	177,003

The notes on pages 87 to 148 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2021 (Expressed in Hong Kong dollars)

	Note	31 December 2021 HK$'000	31 December 2020 HK$'000
Non-current assets			
Property, plant and equipment	12	**1,751,803**	1,398,110
Intangible assets	13	**71,343**	59,686
Goodwill		**–**	897
Long-term receivables, deposits and prepayments		**65,403**	28,984
Other financial assets	16	**268,733**	324,119
Deferred tax assets	22(a)	**9,952**	–
		2,167,234	1,811,796
Current assets			
Other receivables, deposits and prepayments	17	**155,379**	109,360
Inventories and other contract costs	15	**134,128**	126,573
Other current financial assets	16	**175,305**	18,197
Cash and cash equivalents	18	**624,247**	942,479
		1,089,059	1,196,609
Current liabilities			
Accounts payable	19	**254,004**	319,888
Other payables and accrued charges	19	**409,462**	284,879
Deposits received		**5,757**	5,757
Tax payable		**2,381**	758
Lease liabilities	20	**125,405**	94,413
		797,009	705,695
Net current assets		**292,050**	490,914
Total assets less current liabilities		**2,459,284**	2,302,710

Consolidated Statement of Financial Position

As at 31 December 2021 (Expressed in Hong Kong dollars)

	Note	31 December 2021 HK$'000	31 December 2020 HK$'000
Non-current liabilities			
Deferred tax liabilities	22(a)	**1,391**	1,227
Lease liabilities	20	**396,625**	203,795
		398,016	205,022
NET ASSETS		**2,061,268**	2,097,688
CAPITAL AND RESERVES			
Share capital	21(b)	**1,774,173**	1,747,693
Reserves		**287,610**	349,995
Total equity attributable to equity shareholders of the Company		**2,061,783**	2,097,688
Non-controlling interests		**(515)**	–
TOTAL EQUITY		**2,061,268**	2,097,688

Approved and authorised for issue by the board of directors on 30 March 2022.

Cheung Chi Kin, Paul
Director

Wong Wai Kay, Ricky
Director

The notes on pages 87 to 148 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
		Share capital	(Accumulated losses)/ 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 2020		1,293,392	(60,021)	183,338	5,499	2,710	(73)	28,589	(1,826)	1,451,608	–	1,451,608
Changes in equity for 2020:												
Profit for the year		–	183,581	–	–	–	–	–	–	183,581	–	183,581
Other comprehensive income	7	–	–	–	(1,953)	(4,541)	(84)	–	–	(6,578)	–	(6,578)
Total comprehensive income		–	183,581	–	(1,953)	(4,541)	(84)	–	–	177,003	–	177,003
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		–	(51)	–	–	51	–	–	–	–	–	–
Shares issued under share option scheme	21(c)	1,094	–	–	–	–	–	(311)	–	783	–	783
Issuance of new shares	21(d)	453,207	–	–	–	–	–	–	–	453,207	–	453,207
Equity settled share-based transactions	4(c)	–	–	–	–	–	–	15,087	–	15,087	–	15,087
Share options cancelled reclassified to retained profits	11	–	35	–	–	–	–	(35)	–	–	–	–
Balance at 31 December 2020 and 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		1,774,173	64,967	183,338	(2,345)	(3,935)	2	47,409	(1,826)	2,061,783	(515)	2,061,268

The notes on pages 87 to 148 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Net cash generated from operating activities	23(a)	**247,049**	607,979
Investing activities			
Payment for the purchase of other financial assets		**(143,628)**	(20,000)
Proceeds received from disposal of other financial assets		**15,564**	151,270
Proceeds received from maturity of debt securities		**12,383**	65,508
Proceeds received from maturity of pledged bank deposit		**–**	3,905
Payment for the addition to intangible assets		**(23,664)**	–
Interest received		**13,745**	25,269
Dividend and investment income received		**5,251**	4,705
Payment for the purchase of property, plant and equipment		**(150,920)**	(88,355)
Acquisition of a subsidiary	23(d)	**(118,029)**	–
Proceeds received from disposal of property, plant and equipment		**1,285**	483
Net cash (used in)/generated from investing activities		**(388,013)**	142,785
Financing activities			
Capital element of lease rentals paid	23(b)	**(114,297)**	(86,100)
Interest element of lease rentals paid	23(b)	**(9,355)**	(8,071)
Proceeds from new bank loans	23(b)	**–**	343,327
Repayments of bank loans	23(b)	**–**	(658,342)
Net proceeds from issuance of new shares	21(d)	**–**	453,207
Proceeds from shares issued under share option scheme	21(c)	**19,673**	783
Dividend paid	6	**(73,335)**	–
Interest paid on bank loans	23(b)	**–**	(2,871)
Net cash (used in)/generated from financing activities		**(177,314)**	41,933
Net (decrease)/increase in cash and cash equivalents		**(318,278)**	792,697
Cash and cash equivalents at 1 January		**942,479**	149,713
Effect of foreign exchange rate changes		**46**	69
Cash and cash equivalents at 31 December		**624,247**	942,479

The notes on pages 87 to 148 form part of these financial statements.

Notes to the 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 2021 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 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.

— Fair value through 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).

(Expressed in Hong Kong dollars unless otherwise indicated)

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 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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)(iv) 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.

(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)

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 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).

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

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 costs 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 that is restricted for use or pledged as security is classified separately in the consolidated statement of financial position, and is not included in the cash and cash equivalents for the purpose of the consolidated cash flow statement. 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).

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 cost.

(t) Revenue recognition

Revenue is classified by the Group as revenue when it arises from the direct merchandise sales, concessionaire sales or provision of advertising or licensing of programme rights and other services.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Ecommerce income primarily comprised of commission income and revenue from merchandise sales. Commission income is recognised for transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices and selecting suppliers. Commission income is recognised on a net basis which is based on a fixed percentage of the sales amount. Revenue from merchandise sales and related costs are recognised on a gross basis when the Group acts as a principal.

Commission income and revenue from merchandise sales are recognised when the customer has taken possession of and accepted the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Advertising income is recognised when the advertisements are delivered through the online platform.

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition (continued)

(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 platform 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 (x)(a).

(vii) A person identified in (x)(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 2021 HK$'000	Year ended 31 December 2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by nature		
— Direct merchandise sales	**2,047,194**	1,970,326
— Income from concessionaire sales and other service income	**991,410**	883,754
— Multimedia advertising income and licensing of programme rights	**90,667**	23,804
— Technology business income	**893**	–
	3,130,164	2,877,884
Disaggregated by timing of revenue recognition		
— Point in time	**2,983,386**	2,830,839
— Over time	**146,778**	47,045
	3,130,164	2,877,884

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

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$74,107,000. The Group will recognise the expected revenue in future when or as the performance obligations are satisfied, which is expected to occur over the next 1–7 years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15, such that it does not disclose the information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the unsatisfied (or partially satisfied) contracts outstanding as at the end of the reporting period, as such unsatisfied performance obligations have an original expected duration of one year or less.

2 TURNOVER AND SEGMENT INFORMATION (continued)

(b) Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (product and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment, 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.

In 2020, the Group has only identified one business segment i.e. Ecommerce business. Accordingly, the comparative figures of segment information have been reclassified to conform to the current year's presentation.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets, deferred tax 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 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 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 the government subsidies.

(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)

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

For year ended 31 December	Ecommerce business		Technology business		Total	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Disaggregated by timing of revenue recognition						
Point in time	2,983,386	2,830,839	–	–	2,983,386	2,830,839
Over time	145,885	47,045	893	–	146,778	47,045
Revenue from external customers	3,129,271	2,877,884	893	–	3,130,164	2,877,884
Inter-segment revenue	–	–	95,549	–	95,549	–
Reportable segment revenue	3,129,271	2,877,884	96,442	–	3,225,713	2,877,884
Reportable segment profit/(loss) (EBITDA/(EBITDA loss))	107,581	256,930	(6,509)	–	101,072	256,930
Reportable segment profit/(loss) (adjusted EBITDA/(adjusted EBITDA loss))	112,586	255,779	(3,763)	–	108,823	255,779
Interest income	1	4	7	–	8	4
Inter-segment finance costs	(3,702)	(4,375)	–	–	(3,702)	(4,375)
Depreciation and amortisation for the year (excluded depreciation on other properties leased for own use)	(107,379)	(103,883)	(4,892)	–	(112,271)	(103,883)
Reportable segment assets	1,885,236	1,717,754	149,426	–	2,034,662	1,717,754
Additions to non-current segment assets during the year	421,627	100,929	51,206	–	472,833	100,929
Reportable segment liabilities	1,264,850	903,223	45,688	–	1,310,538	903,223

(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 2021 HK$'000	Year ended 31 December 2020 HK$'000
Revenue		
Reportable segment revenue	**3,225,713**	2,877,884
Elimination of inter-segment revenue	**(95,549)**	–
Revenue (note 2(a))	**3,130,164**	2,877,884

	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Profit		
Reportable segment profit (EBITDA)	**101,072**	256,930
Income tax credit	**9,295**	–
Interest income	**8**	4
Depreciation — on property, plant and equipment (excluded depreciation on other properties leased for own use)	**(111,202)**	(103,883)
Amortisation of intangible assets	**(932)**	–
Amortisation of other contract costs	**(137)**	–
Unallocated head office and corporate net income	**16,161**	30,530
Profit for the year	**14,265**	183,581

(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 2021 HK$'000	31 December 2020 HK$'000
Reportable segment assets	**2,034,662**	1,717,754
Elimination of inter-segment receivables	**(151,236)**	(78,900)
Unallocated head office and corporate assets (included inter-segment loan)	**1,372,867**	1,369,551
Consolidated total assets	**3,256,293**	3,008,405

(iv) Reconciliation of reportable segment liabilities

	31 December 2021 HK$'000	31 December 2020 HK$'000
Reportable segment liabilities (included inter-segment loan)	**1,310,538**	903,223
Elimination of inter-segment payables	**(151,236)**	(78,900)
Unallocated head office and corporate liabilities	**35,723**	86,394
Consolidated total liabilities	**1,195,025**	910,717

(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 2021 HK$'000	Year ended 31 December 2020 HK$'000
Bank interest income	**152**	3,249
Dividend and investment income from other financial assets	**5,251**	4,705
Interest income from other financial assets	**14,509**	18,249
(Loss)/gain on disposal of other financial assets	**(14)**	784
Unrealised fair value loss on units in investment funds measured at FVPL	**(7,945)**	(2,443)
Reversal/(provision) of expected credit losses on debt securities measured at FVOCI	**592**	(4,527)
Rentals from investment properties	**23,774**	23,774
Net exchange gain/(loss)	**3,188**	(1,601)
Government subsidies (note (i))	**–**	70,859
Others	**7,619**	3,831
	47,126	116,880

Note:

(i) In 2020, 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 ("HKSAR"). 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 not to make redundancies 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 2021 HK$'000	Year ended 31 December 2020 HK$'000
(a)	***Other operating expenses***		
	Depreciation (note 12(a))		
	— owned property, plant and equipment	**92,561**	84,376
	— right-of-use assets	**143,314**	108,315
	Advertising and marketing expenses (excluding HK$72,596,000 (2020: HK$44,189,000) being deducted in turnover)	**169,669**	76,099
	Auditor's remuneration	**2,826**	2,496
	(Gain)/loss on disposal of property, plant and equipment	**(463)**	27
	Write-down and write-off of inventories	**27,328**	23,383
	Talent costs (note 4(c))	**709,374**	634,766
	Amortisation of intangible assets (note 13)	**14,072**	13,140
	Amortisation of other contract costs	**137**	–
	Total outgoings of investment properties	**1,603**	1,427
	Outsourced fulfilment expenses	**205,473**	190,366
	Payment processing charges	**76,942**	77,055
	Owned motor vehicles running expenses	**34,305**	28,178
	Software licenses and registration fee	**18,894**	16,588
	Utilities, consumables and office expenses	**46,583**	34,085
	Write-off of goodwill	**897**	–
	Others	**58,808**	40,615
		1,602,323	1,330,916
(b)	***Finance costs***		
	Interest on bank loans (note 23(b))	**–**	1,855
	Interest on lease liabilities (note 23(b))	**9,355**	8,071
	Bank charges	**560**	266
		9,915	10,192
(c)	***Talent costs***		
	Wages and salaries	**700,496**	596,603
	Retirement benefit costs — defined contribution plans (note 9)	**25,674**	23,076
	Equity-settled share-based payment expenses (note 11)	**9,025**	15,087
	Less: Talent costs capitalised as intangible assets and other contract costs	**(25,821)**	–
	Talent costs included in other operating expenses	**709,374**	634,766

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

(Expressed in Hong Kong dollars unless otherwise indicated)

5 INCOME TAX (CREDIT)/EXPENSE

The provision for Hong Kong Profits Tax for the year ended 31 December 2021 is calculated at 16.5% (2020: 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 which the first HK$2,000,000 of assessable profits are taxed at 8.25% (2020: 8.25%), and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

Taxation for overseas branch of a subsidiary is calculated at 20% (2020: nil) of the estimated assessable profits for the year.

The amount of income tax (credit)/expense in the consolidated income statement represents:

	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Current taxation		
Hong Kong Profits Tax	**993**	521
Overseas	**630**	–
Deferred taxation		
Origination and reversal of temporary differences (note 22)	**(9,788)**	39
	(8,165)	560

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

	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Profit before taxation	**6,100**	184,141
Notional tax on profit before taxation, calculated at the prevailing tax rates applicable to profit in the jurisdiction concerned	**1,206**	30,356
Effect of non-taxable income	**(13,106)**	(15,301)
Effect of non-deductible expenses	**3,508**	6,483
Effect of unused tax losses not recognised	**15,452**	2,153
Effect of unused tax losses not recognised in prior years now utilised	**(28,194)**	(23,838)
Effect of unused tax losses not recognised in prior years now recognised	**(9,952)**	–
Effect of balancing charge	**22,804**	–
Others	**117**	707
Income tax (credit)/expense	**(8,165)**	560

(Expressed in Hong Kong dollars unless otherwise indicated)

6 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to profit for the year:

	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Interim dividend declared and paid of HK8 cents per share (2020: nil)	**73,335**	–

The Board of Directors has resolved not to declare any final dividend for the year ended 31 December 2021 (31 December 2020: nil).

In respect of the interim dividend for the six months ended 30 June 2021, there was a difference of HK$29,000 between interim dividend disclosed in the 2021 interim financial report and amounts declared and paid during the year which represented dividends attributable to new shares issued upon the exercise of 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

	2021			2020		
	Before-tax amount HK$'000	**Tax expense HK$'000**	**Net-of-tax amount HK$'000**	Before-tax amount HK$'000	Tax expense HK$'000	Net-of-tax amount HK$'000
Equity instruments designated at FVOCI						
— net movement in fair value reserve (non-recycling)	**(2,177)**	**–**	**(2,177)**	(4,541)	–	(4,541)
Exchange difference on translation of financial statements of overseas subsidiaries	**159**	**–**	**159**	(84)	–	(84)
Debt securities measured at FVOCI						
— net movement in fair value reserve (recycling)	**(5,891)**	**–**	**(5,891)**	(1,953)	–	(1,953)
Other comprehensive income	**(7,909)**	**–**	**(7,909)**	(6,578)	–	(6,578)

(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 2021 HK$'000	Year ended 31 December 2020 HK$'000
Equity instruments designated at FVOCI — net movement in fair value reserve (non-recycling):		
— Changes in fair value recognised during the year	**(2,177)**	(4,541)
Debt securities measured at FVOCI — net movement in fair value reserve (recycling):		
— Changes in fair value recognised during the year	**(5,313)**	(5,696)
— Reclassified to profit or loss upon disposal	**14**	(784)
— Reclassified to profit or loss for (reversal)/provision of expected credit losses	**(592)**	4,527
	(5,891)	(1,953)

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 2021 of HK$14,780,000 (31 December 2020: HK$183,581,000) and the weighted average of 916,160,000 ordinary shares (31 December 2020: 897,733,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December 2021 '000	Year ended 31 December 2020 '000
Issued ordinary shares at 1 January	**911,274**	820,734
Effect of share options exercised (note 21(c))	**4,886**	278
Effect of new shares issued (note 21(d))	**–**	76,721
Weighted average number of ordinary shares at 31 December	**916,160**	897,733

The calculation of diluted earnings per share for the year ended 31 December 2021 is based on the profit attributable to equity shareholders of the Company for the year of HK$14,780,000 (31 December 2020: HK$183,581,000) and the weighted average number of ordinary shares of 954,590,000 (31 December 2020: 932,327,000), 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 2021 '000	Year ended 31 December 2020 '000
Weighted average number of ordinary shares at 31 December	**916,160**	897,733
Effect of deemed issue of shares under the Company's share option scheme (note 11)	**38,430**	34,594
Weighted average number of ordinary shares (diluted) at 31 December	**954,590**	932,327

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 2021 HK$'000	Year ended 31 December 2020 HK$'000
Gross contributions	**25,674**	23,076

(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 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

(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 2020:

	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	–	2,070	7,000	–	159	9,229
Vice Chairman						
Wong Wai Kay, Ricky	–	7,887	12,000	–	14	19,901
Executive directors						
Wong Nga Lai, Alice	–	2,350	3,440	2,150	229	8,169
Lau Chi Kong	–	2,350	3,765	2,150	229	8,494
Zhou Huijing	–	6,473	–	2,150	140	8,763
Independent non-executive directors						
Lee Hon Ying, John	232	–	–	–	–	232
Peh Jefferson Tun Lu	218	–	–	–	–	218
Mak Wing Sum, Alvin	218	–	–	–	–	218
Total	668	21,130	26,205	6,450	771	55,224

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five directors whose emoluments are reflected in the analysis presented above.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

Under the 2012 Share Option Scheme, the Company may grant options to Talents (including executive, non-executive and independent non-executive directors), suppliers and professional advisers to subscribe for shares of the Company. The maximum number of options authorised under the 2012 Share Option Scheme may not, when aggregated with any shares subject to any other executive and Talent share option scheme, exceed 10% of the Company's issued share capital on the date of adoption. The exercise price of the option is determined by the Company's board of directors at a price not less than the higher of (a) the average closing price of the Company's shares for five trading days preceding the grant date; and (b) the closing price of the Company's shares on the date of grant. The 2012 Share Option Scheme is valid and effective for a ten-year-period up to 30 December 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.

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") has 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, the following variables have 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 is estimated as below:

Date of grant	**31 March 2021**
Weighted average fair value per share option	HK$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$9,025,000 (31 December 2020: HK$15,087,000), among which HK$6,959,000 (31 December 2020: HK$15,087,000) was recognised in the consolidated income statement, HK$2,052,000 (31 December 2020: nil) was capitalised as intangible assets and HK$14,000 (31 December 2020: nil) was capitalised as other contract costs, with the offset in capital reserve, for the years ended 31 December 2021 and 2020. Particulars and movements of share options during the years ended 31 December 2021 and 2020 were as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	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	**2.71**	**55,746,700**	2.38	48,061,300
Granted during the year	**12.79**	**1,200,000**	4.41	9,315,000
Exercised during the year	**3.43**	**(5,733,300)**	1.45	(540,000)
Cancelled during the year	**–**	**–**	3.42	(65,600)
Forfeited during the year	**3.42**	**(606,500)**	3.42	(1,024,000)
Outstanding at the end of the year	**2.86**	**50,606,900**	2.71	55,746,700
Exercisable at the end of year	**2.43**	**44,906,900**	1.46	24,983,000

The weighted average closing share price immediately before the dates on which the options were exercised was HK$12.49 (2020: HK$6.63).

The options outstanding at 31 December 2021 had exercise prices ranging from HK$1.45 to HK$12.79 (2020: ranging from HK$1.45 to HK$4.43) and a weighted average remaining contractual life of 6.7 years (31 December 2020: 7.8 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 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)

(a) Reconciliation of carrying amount (continued)

	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 2020	15,031	269,150	680,394	341,192	81,770	9,458	277,744	97,609	83,590	1,855,938
Additions	7,776	–	–	103,169	13,381	1,623	31,952	29,627	17	187,545
Transfer from construction in progress to other assets	(21,298)	–	–	–	–	–	21,298	–	–	–
Disposals	–	–	–	–	(950)	(99)	(14,734)	(1,003)	(33)	(16,819)
Fair value adjustment	–	(6,050)	–	–	–	–	–	–	–	(6,050)
At 31 December 2020	1,509	263,100	680,394	444,361	94,201	10,982	316,260	126,233	83,574	2,020,614
Representing:										
Cost	1,509	–	680,394	444,361	94,201	10,982	316,260	126,233	83,574	1,757,514
Valuation – 2020	–	263,100	–	–	–	–	–	–	–	263,100
	1,509	263,100	680,394	444,361	94,201	10,982	316,260	126,233	83,574	2,020,614
Accumulated depreciation and impairment losses:										
At 1 January 2020	–	–	98,339	70,428	25,282	7,052	132,981	37,323	74,717	446,122
Charge for the year	–	–	20,804	87,511	14,910	1,498	41,582	24,431	1,955	192,691
Written back on disposals	–	–	–	–	(950)	(66)	(14,353)	(907)	(33)	(16,309)
At 31 December 2020	–	–	119,143	157,939	39,242	8,484	160,210	60,847	76,639	622,504
Net book value:										
At 31 December 2020	1,509	263,100	561,251	286,422	54,959	2,498	156,050	65,386	6,935	1,398,110

(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 2021	**279,200**	**–**	**279,200**	**–**
– 31 December 2020	263,100	–	263,100	–

During the years ended 31 December 2021 and 2020, 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 2021 and 2020. 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/(losses) 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 2021 HK$'000	31 December 2020 HK$'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)	**655,407**	561,251
Other properties leased for own use, carried at depreciated cost	(ii)	**513,018**	286,422
		1,168,425	847,673
Ownership interests in leasehold investment properties, carried at fair value, with remaining lease term between 10 and 30 years		**279,200**	263,100
		1,447,625	1,110,773

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

	31 December 2021 $'000	31 December 2020 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**23,844**	20,804
Other properties leased for own use	**119,470**	87,511
	143,314	108,315
Interest on lease liabilities (note 4(b))	**9,355**	8,071
Variable lease payments not included in the measurement of lease liabilities	**1,994**	–
Expense relating to short-term leases	**441**	111

During the year, additions to right-of-use assets were HK$465,783,000 (2020: HK$103,169,000). This amount included the purchase of a leasehold property of HK$118,000,000 through acquisition of a subsidiary, and the remainder primarily related to the capitalised lease payments payable under new or renewed tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 23(c) and 24(b), respectively.

(Expressed in Hong Kong dollars unless otherwise indicated)

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 mainly for 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 1 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 2021 and 2020, 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. The variable lease payment during the year ended 31 December 2021 was HK$1,994,000 (2020: nil).

At 31 December 2021, it is estimated that an increase in turnover generated from these retail stores by 5% would have increased the lease payments by HK$255,000 (2020: nil).

(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 2020: 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 2021 HK$'000	31 December 2020 HK$'000
Leases in respect of investment properties which are receivable:		
Within 1 year	**21,739**	19,970
After 1 year but within 2 years	**23,652**	21,739
After 2 years but within 3 years	**25,734**	23,652
After 3 years but within 4 years	**27,999**	25,734
After 4 years but within 5 years	**30,463**	27,999
After 5 years	**50,413**	80,876
	180,000	199,970

(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 2021 are as follow:

Location	Use	Lease term	Attributable interest of the Group
12/F, 14/F and 16/F and Roof 10–18 on 17/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%

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 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

(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	Merchant relationship HK$'000	Brand name HK$'000	Total HK$'000
Cost:					
At 1 January 2020	226,700	90,243	163	2,477	319,583
Disposal	–	–	(163)	(2,477)	(2,640)
At 31 December 2020	226,700	90,243	–	–	316,943
Accumulated amortisation and impairment losses:					
At 1 January 2020	175,617	68,500	163	2,477	246,757
Charge for the year	4,116	9,024	–	–	13,140
Reversal of impairment loss upon disposal	–	–	(163)	(2,477)	(2,640)
At 31 December 2020	179,733	77,524	–	–	257,257
Net book value:					
At 31 December 2020	46,967	12,719	–	–	59,686

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 only the particular of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2021.

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 US$1	100
Shoalter Technology Limited	Hong Kong	Provision of retail technology solution	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 2021 HK$'000	31 December 2020 HK$'000
Inventories	**118,900**	126,573
Other contract costs	**15,228**	–
	134,128	126,573

(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 2021 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$137,000 (2020: nil). There was no impairment in relation to the cost capitalised during the year (2020: nil).

The amount of capitalised contract costs that is expected to be recovered or recognised as expense after more than one year is HK$9,165,000 (2020: nil). All of the other capitalised contract costs are expected to be recovered or recognised as expense within one year.

16 OTHER FINANCIAL ASSETS

	31 December 2021 HK$'000	31 December 2020 HK$'000
Equity instruments designated at FVOCI (non-recycling)		
— Equity securities	**21,132**	20,655
— Perpetual bonds	**75,957**	51,845
	97,089	72,500
Debt securities measured at FVOCI (recycling)		
— Maturity dates within 1 year	**175,305**	18,197
— Maturity dates over 1 year	**109,480**	182,049
	284,785	200,246
Units in investment funds measured at FVPL	**62,164**	69,570
	444,038	342,316
Representing		
— Non-current portion	**268,733**	324,119
— Current portion	**175,305**	18,197
	444,038	342,316

(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 2021 and 2020.

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$37,605,000 (2020: HK$45,725,000), property development industry of HK$11,549,000 (2020: HK$12,054,000) and other industries of HK$47,935,000 (2020: HK$14,721,000), 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$7,777,000 (2020: HK$10,543,000) were sold with realised loss of HK$22,000 (2020: HK$51,000). The loss, which had already been included in fair value reserve (non-recycling), has been transferred to retained profits.

At 31 December 2021, the Group had uncommitted banking facilities of HK$940,707,000 (31 December 2020: HK$935,092,000). The facilities were not utilised as at 31 December 2021 and 2020. These banking facilities were secured by the Group's other financial assets of HK$444,038,000 (31 December 2020: HK$342,316,000) as at 31 December 2021. 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 2021 and 2020, 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 other receivables, except rental deposits and others amounting to HK$47,900,000 (31 December 2020: HK$29,515,000), are expected to be recovered within one year.

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2021 and 2020 represented cash at banks/financial institutions and in hand.

At 31 December 2021, the Group's uncommitted banking facilities of HK$940,707,000 (31 December 2020: HK$935,092,000) (see note 16) were also secured by the Group's bank balances of HK$298,598,000 (31 December 2020: HK$361,695,000).

(Expressed in Hong Kong dollars unless otherwise indicated)

19 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	31 December 2021 HK$'000	31 December 2020 HK$'000
Accounts payable (note (a))	**254,004**	319,888
Contract liabilities (note (b))	**237,501**	105,973
Other payables and accrued charges (note (c))	**171,961**	178,906
	409,462	284,879
	663,466	604,767

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

	31 December 2021 HK$'000	31 December 2020 HK$'000
Current–30 days	**245,823**	315,530
31–60 days	**1,810**	1,240
61–90 days	**689**	760
Over 90 days	**5,682**	2,358
	254,004	319,888

(b) Contract liabilities

Contract liabilities mainly represent prepayments received from customers upon order placement. Balance of HK$105,973,000 as at 1 January 2021 (1 January 2020: HK$49,349,000) was recognised as revenue during the year when the customers have taken possession of and accepted the products.

Contract liabilities of HK$237,501,000 were recognised as at 31 December 2021 (2020: HK$105,973,000) 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 2021, the lease liabilities were payable as follows:

	2021 HK$'000	2020 HK$'000
Within 1 year	**125,405**	94,413
After 1 year but within 2 years	**108,047**	60,438
After 2 years but within 5 years	**212,728**	116,560
After 5 years	**75,850**	26,797
	396,625	203,795
	522,030	298,208

(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 2020		1,293,392	1,829,183	5,499	2,710	28,589	3,159,373
Changes in equity for 2020:							
Profit for the year		–	1,324	–	–	–	1,324
Other comprehensive income		–	–	(1,953)	(4,541)	–	(6,494)
Total comprehensive income for the year		–	1,324	(1,953)	(4,541)	–	(5,170)
Transfer of loss on disposal of equity instruments designated at FVOCI to retained profits		–	(51)	–	51	–	–
Shares issued under share option scheme	21(c)	1,094	–	–	–	(311)	783
Issuance of new shares	21(d)	453,207	–	–	–	–	453,207
Equity settled share-based transactions	4(c)	–	–	–	–	15,087	15,087
Share options cancelled reclassified to retained profits	11	–	35	–	–	(35)	–
Balance at 31 December 2020 and 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		1,774,173	1,772,803	(2,345)	(3,935)	47,409	3,588,105

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (continued)

(b) Issued share capital

	2021 No. of shares	2021 Amount HK$'000	2020 No. of shares	2020 Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	**911,273,643**	**1,747,693**	820,733,643	1,293,392
Net proceeds from issuance of new shares (note 21(d))	–	–	90,000,000	453,207
Shares issued under share option scheme (note 21(c))	**5,733,300**	**26,480**	540,000	1,094
At 31 December	**917,006,943**	**1,774,173**	911,273,643	1,747,693

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 2021, 5,733,300 (31 December 2020: 540,000) ordinary shares were issued at weighted average exercise price of HK$3.43 (31 December 2020: HK$1.45) per ordinary share to share option holders who had exercised their options with an aggregate consideration of HK$19,673,000 (31 December 2020: HK$783,000) of which HK$24,619,000 (31 December 2020: HK$1,094,000) was credited to share capital and the balance of HK$4,946,000 (31 December 2020: HK$311,000) was debited to the capital reserve.

(d) Issuance of new shares

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 shares to not less than six placees at HK$5.15 per share (the "Placing"), and the Vendor agreed to subscribe for 90,000,000 new shares of the Company at HK$5.15 per share (the "Subscription"). The Placing and the Subscription were completed on 14 February 2020 and 24 February 2020 respectively, in accordance with the terms and conditions of the Placing Agreement and the Subscription Agreement. The net proceeds from the Subscription amounted to HK$453,207,000 (net of related fees and expenses).

(e) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for use in note 1(g)(ii).

(f) Fair value reserve (recycling)

The fair value reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 1(e)).

(Expressed in Hong Kong dollars unless otherwise indicated)

21 CAPITAL AND RESERVES (continued)

(g) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instruments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(e)).

(h) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(w).

(i) Capital reserve

The capital reserve comprises the portion of the grant date fair value of unexercised share options granted to Talents and directors of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(p)(iv).

(j) 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 2021 and 2020 are as follows:

	31 December 2021 HK$'000	31 December 2020 HK$'000
Net cash	**624,247**	942,479
Net assets	**2,061,268**	2,097,688
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	Temporary difference of right-of-use assets	Tax losses carried forward	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	(50,592)	2,096	47,308	(1,188)
Credited/(charged) to consolidated income statement	4,210	(2,096)	(2,153)	(39)
At 31 December 2020	(46,382)	–	45,155	(1,227)
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

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2021 HK$'000	31 December 2020 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,391)**	(1,227)
Net deferred tax assets recognised in the consolidated statement of financial position	**9,952**	–
	8,561	(1,227)

(b) Deferred tax assets not recognised

As at 31 December 2021, the Group did not recognise deferred tax assets in respect of unused tax losses of HK$2,187,355,000 (31 December 2020: HK$2,198,565,000) 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 profit before taxation to cash used in operating activities:

	Year ended 31 December 2021 HK$'000	Year ended 31 December 2020 HK$'000
Profit before taxation	**6,100**	184,141
Adjustments for:		
Depreciation of property, plant and equipment	**235,875**	192,691
Bank interest income	**(152)**	(3,249)
Equity settled share-based payment expenses	**6,959**	15,087
Interest income from other financial assets	**(14,509)**	(18,249)
Dividend and investment income from other financial assets	**(5,251)**	(4,705)
Loss/(gain) on disposal of other financial assets	**14**	(784)
Unrealised fair value loss on units in investment funds measured at FVPL	**7,945**	2,443
(Reversal)/provision of expected credit losses on debt securities measured at FVOCI	**(592)**	4,527
(Gain)/loss on disposal of property, plant and equipment	**(463)**	27
Valuation (gains)/losses on investment properties	**(16,100)**	6,050
Amortisation of intangible assets	**14,072**	13,140
Amortisation of other contract costs	**137**	–
Interest expenses on bank loans	**–**	1,855
Interest expenses on lease liabilities	**9,355**	8,071
Write-down and write-off of inventories	**27,328**	23,383
Goodwill written off	**897**	–
Exchange (gain)/loss, net	**(2,269)**	2,584
Cash generated before working capital changes	**269,346**	427,012
Changes in working capital:		
Increase in other receivables, deposits and prepayments	**(47,941)**	(29,539)
Increase in inventories and other contract costs	**(38,784)**	(54,193)
Increase in accounts payable, other payables and accrued charges and deposits received	**64,428**	264,699
Cash generated from operations	**247,049**	607,979
Net cash generated from operating activities	**247,049**	607,979

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.

	Bank loans HK$'000	Interest payable HK$'000	Lease liabilities HK$'000 (Note 20)	Total HK$'000
At 1 January 2020	315,015	1,016	282,929	598,960
Changes from financing cash flows:				
Proceeds from new bank loans	343,327	–	–	343,327
Repayments of bank loans	(658,342)	–	–	(658,342)
Interests paid on bank loans	–	(2,871)	–	(2,871)
Capital element of lease rentals paid	–	–	(86,100)	(86,100)
Interest element of lease rentals paid	–	–	(8,071)	(8,071)
Total changes from financing cash flows	(315,015)	(2,871)	(94,171)	(412,057)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	101,379	101,379
Interest expenses (note 4(b))	–	1,855	8,071	9,926
Total other changes	–	1,855	109,450	111,305
At 31 December 2020 and 1 January 2021	–	–	298,208	298,208
Changes from financing cash flows:				
Capital element of lease rentals paid	–	–	(114,297)	(114,297)
Interest element of lease rentals paid	–	–	(9,355)	(9,355)
Total changes from financing cash flows	–	–	(123,652)	(123,652)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	339,805	339,805
Early termination of lease	–	–	(1,745)	(1,745)
Interest expenses (note 4(b))	–	–	9,355	9,355
Exchange difference	–	–	59	59
Total other changes	–	–	347,474	347,474
At 31 December 2021	–	–	522,030	522,030

(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 2021 HK$'000	31 December 2020 HK$'000
Within operating cash flows	**2,435**	111
Within investing cash flows	**118,000**	–
Within financing cash flows	**123,652**	94,171
	244,087	94,282

These amounts relate to the following:

	31 December 2021 HK$'000	31 December 2020 HK$'000
Lease rentals paid	**126,087**	94,282
Purchase of leasehold land and building	**118,000**	–
	244,087	94,282

(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 comprise the following:

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

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 2021 and 2020, 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 2021 and 2020, 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:

	2021 **HK$'000**	2020 HK$'000
Balance at 1 January	**6,526**	1,999
(Reversal)/provision of expected credit losses recognised during the year	**(592)**	4,527
Balance at 31 December	**5,934**	6,526

(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 2021					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total Contractual undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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

	31 December 2020					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total Contractual undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current liabilities						
Accounts payable	319,888	–	–	–	319,888	319,888
Other payables and accrued charges	178,906	–	–	–	178,906	178,906
Deposits received	5,757	–	–	–	5,757	5,757
Lease liabilities	95,696	62,600	126,070	31,925	316,291	298,208
	600,247	62,600	126,070	31,925	820,842	802,759

(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 2021 HK$'000	31 December 2020 HK$'000
Fixed rate and variable rate instruments		
— Other financial assets:		
Debt securities measured at FVOCI	**284,785**	200,246
Perpetual bonds designated at FVOCI	**75,957**	51,845
Units in investment funds measured at FVPL	**41,723**	47,112
Fixed rate borrowing		
— Lease liabilities	**(522,030)**	(298,208)
	(119,565)	995

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") and New Taiwan dollar ("TWD") 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 and TWD to an acceptable level by buying or selling RMB, EUR and TWD 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 2021				31 December 2020		
	USD	RMB	EUR	TWD	USD	RMB	EUR
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash and cash equivalents	247,504	1,191	897	5,112	367,882	1,346	73
Other financial assets:							
– Debt securities measured at FVOCI	248,442	–	–	–	163,682	–	–
– Units in investment funds measured at FVPL	57,570	–	–	–	63,592	–	–
– Perpetual bonds designated at FVOCI	75,957	–	–	–	51,845	–	–
	629,473	1,191	897	5,112	647,001	1,346	73

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit 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 2021		
RMB	5%	60
	(5%)	(60)
EUR	5%	45
	(5%)	(45)
TWD	5%	256
	(5%)	(256)

(Expressed in Hong Kong dollars unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year HK$'000
31 December 2020		
RMB	5%	67
	(5%)	(67)
EUR	5%	4
	(5%)	(4)

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 2020.

(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 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$4,157,000 (31 December 2020: HK$4,311,000). Any increase or decrease in the market value of the Group's equity securities designated at FVOCI would not affect the Group's profit 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 2021				
Assets:				
— Debt securities measured at FVOCI	**–**	**284,785**	**–**	**284,785**
— Units in investment funds measured at FVPL	**4,594**	**57,570**	**–**	**62,164**
— Equity securities designated at FVOCI	**21,132**	**–**	**–**	**21,132**
— Perpetual bonds designated at FVOCI	**–**	**75,957**	**–**	**75,957**
31 December 2020				
Assets:				
— Debt securities measured at FVOCI	–	200,246	–	200,246
— Units in investment funds measured at FVPL	5,979	63,591	–	69,570
— Equity securities designated at FVOCI	20,655	–	–	20,655
— Perpetual bonds designated at FVOCI	–	51,845	–	51,845

(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 2021 and 2020, 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 2021 and 2020.

25 COMMITMENTS

Capital commitments

	31 December 2021 HK$'000	31 December 2020 HK$'000
Purchase of property, plant and equipment		
Contracted but not provided for	**41,681**	50,538
Construction of Ecommerce and Distribution Centre		
Contracted but not provided for	**133,448**	8,218

In addition, at 31 December 2021 the Group has entered or committed to enter into one lease of 18 months that is not yet commenced, the lease payments under which amounted to HK$1,027,000 in total (31 December 2020: certain number of leases of 2 to 3 years that are not yet commenced, the lease payments under which amounted to HK$18,475,000 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 2021	Year ended 31 December 2020
	HK$'000	HK$'000
Short-term Talent benefits	**48,317**	48,003
Post-employment benefits	**942**	771
Equity-settled share-based payment expenses	**4,137**	6,450
	53,396	55,224

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 2021 HK$'000	31 December 2020 HK$'000
Non-current assets			
Property, plant and equipment		**3,310**	5,341
Intangible assets		**46,546**	59,686
Interest in subsidiaries		**2,690,387**	2,638,109
Other financial assets		**268,733**	324,119
		3,008,976	3,027,255
Current assets			
Other receivables, deposits and prepayments		**9,329**	7,977
Other current financial assets		**175,305**	18,197
Amounts due from subsidiaries		**2,249**	2,249
Cash and cash equivalents		**426,538**	653,304
		613,421	681,727
Current liabilities			
Other payables and accrued charges		**24,688**	81,749
Amounts due to subsidiaries		**9,604**	704
Lease liabilities		**–**	2,035
		34,292	84,488
Net current assets		**579,129**	597,239
Non-current liabilities			
Lease liabilities		**–**	1,214
NET ASSETS		**3,588,105**	3,623,280
CAPITAL AND RESERVES	21		
Share capital		**1,774,173**	1,747,693
Reserves		**1,813,932**	1,875,587
TOTAL EQUITY		**3,588,105**	3,623,280

Approved and authorised for issue by the board of directors on 30 March 2022.

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 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 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
Amendment to HKFRS 16, *Covid-19-Related rent concessions beyond 30 June 2021*	1 January 2022
Amendments to HKFRS 3, *Reference to the conceptual framework*	1 January 2022
Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*	1 January 2022
Amendments to HKAS 37, *Onerous contracts — Cost of fulfilling a contract*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	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

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

30 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, due to the recent Russia-Ukraine conflict and the international sanction measures imposed on Russia's financial system, the coupon payment and principal repayment of its foreign currency bonds is subject to high uncertainty. As at 31 December 2021, the Group holds bonds with carrying amount of HK$32,078,000 issued by one of the major financial institutions in Russia, and the full recoverability of it is uncertain. Up to the date of issue of the financial statements, there is no sufficient reliable information available for the Group to assess the financial impact on its consolidated financial statements.

Five-Year Financial Summary

RESULTS, ASSETS AND LIABILITIES

The following table summarises the consolidated results, assets and liabilities of the Group for the year ended 31 December 2021, 31 December 2020, 31 December 2019, 31 December 2018 and 31 December 2017:

	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	Year ended 31 December 2017 HK$'000
Results					
Turnover	**3,130,164**	2,877,884	1,413,958	896,374	487,257
Profit/(loss) before taxation	**6,100**	184,141	(289,967)	(132,758)	(203,757)
Taxation	**8,165**	(560)	54	(337)	(1,163)
Profit/(loss) after taxation	**14,265**	183,581	(289,913)	(133,095)	(204,920)
Assets					
Property, plant and equipment	**1,751,803**	1,398,110	1,409,816	1,115,347	1,152,387
Intangible assets	**71,343**	59,686	72,826	87,653	99,828
Goodwill	**–**	897	897	897	897
Long term receivables, deposits and prepayments	**65,403**	28,984	24,658	5,444	11,912
Deferred tax assets	**9,952**	–	–	–	–
Other financial assets	**444,038**	342,316	555,552	681,929	876,165
Other current assets	**913,754**	1,178,412	339,502	235,577	195,299
Total assets	**3,256,293**	3,008,405	2,403,251	2,126,847	2,336,488
Liabilities					
Current liabilities	**797,009**	705,695	753,884	416,979	471,700
Non-current liabilities	**398,016**	205,022	197,759	1,479	2,156
Total liabilities	**1,195,025**	910,717	951,643	418,458	473,856
Net assets	**2,061,268**	2,097,688	1,451,608	1,708,389	1,862,632

Corporate Information

FINANCIAL CALENDAR

Financial year ended:
31 December 2021

Annual results announced:
30 March 2022

Closure of register of members for Annual General Meeting:
2 June 2022 to 8 June 2022

Annual General Meeting:
8 June 2022

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

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

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
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Share Registrar

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Wanchai, Hong Kong

American Depositary Bank

The Bank of New York Mellon Corporation
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New York, NY 10286 USA

Principal Bankers

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

Website

www.hktv.com.hk

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