



裕程物流集團有限公司 Grand Power Logistics Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8489



2023

FIRST
QUARTERLY
REPORT

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*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of Grand Power Logistics Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will be available on the Company’s website at www.grandpowerexpress.com and will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chiu Ricky Tong (*Chairman and Chief Executive Officer*)
Mr. Tse Chi Kwan Decky

Non-executive Directors

Ms. Wong Sheng Ning Candace
Mr. Heung Wai Keung

Independent non-executive Directors

Mr. Tam Ka Hei Raymond
Mr. Ng Hung Fai Myron
Mr. Yeung Kwong Wai

COMPANY SECRETARY

Mr. Li Chun Fung

COMPLIANCE ADVISER

VBG Capital Limited

COMPLIANCE OFFICER

Mr. Chiu Ricky Tong

AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong
Mr. Tse Chi Kwan Decky

AUDIT COMMITTEE

Mr. Yeung Kwong Wai (*Chairman*)
Mr. Tam Ka Hei Raymond
Mr. Ng Hung Fai Myron

REMUNERATION COMMITTEE

Mr. Tam Ka Hei Raymond (*Chairman*)
Mr. Ng Hung Fai Myron
Mr. Yeung Kwong Wai

NOMINATION COMMITTEE

Mr. Ng Hung Fai Myron (*Chairman*)
Mr. Tam Ka Hei Raymond
Mr. Yeung Kwong Wai

FINANCIAL REPORTING COMMITTEE

Mr. Yeung Kwong Wai (*Chairman*)
Mr. Heung Wai Keung
Mr. Tam Ka Hei Raymond
Mr. Ng Hung Fai Myron

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 611, 6/F, Tower 1 Harbour Centre
1 Hok Cheung Street
Hung Hom
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited
China CITIC Bank International Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE ADDRESS

www.grandpowerexpress.com

STOCK CODE

8489

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023 (“Q12023”), together with the comparative unaudited figures for the three months ended 31 March 2022 (“Q12022”) as follows:

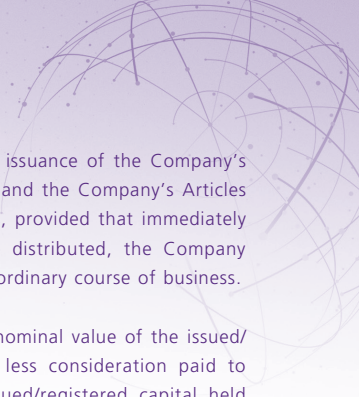
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	117,053	180,643
Cost of services		(111,632)	(167,730)
Gross profit		5,421	12,913
Other income	4	46	54
Administrative and other operating expenses		(12,454)	(10,557)
Reversal of provision for impairment loss on trade receivables		376	278
Finance costs	5	(411)	(585)
(Loss)/profit before income tax	5	(7,022)	2,103
Income tax expenses	6	(91)	(507)
(Loss)/profit for the period		(7,113)	1,596
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(458)	(147)
Total comprehensive (loss)/income for the period		(7,571)	1,449
		<i>HK cents</i>	<i>HK cents</i>
(Losses)/earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted	7	(2.37)	0.53

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Reserves						Total
	Share Capital	Share premium (Note a)	Capital reserve (Note b)	Translation reserve	Statutory reserve	Accumulated (losses)/ profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	3,000	35,986	97,438	246	110	29,156	165,936
Profit for the period	—	—	—	—	—	1,596	1,596
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(147)	—	—	(147)
Total comprehensive (loss) income for the period	—	—	—	(147)	—	1,596	1,449
At 31 March 2022 (unaudited)	3,000	35,986	97,438	99	110	30,752	167,385
At 1 January 2023 (audited)	3,000	35,986	97,438	(1,587)	110	1,566	136,513
Loss for the period	—	—	—	—	—	(7,113)	(7,113)
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(458)	—	—	(458)
Total comprehensive loss for the period	—	—	—	(458)	—	(7,113)	(7,571)
At 31 March 2023 (unaudited)	3,000	35,986	97,438	(2,045)	110	(5,547)	128,942



Note a: Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay our debts as and when they fall due in the ordinary course of business.

Note b: The capital reserve represents (i) the aggregate amount of the nominal value of the issued/registered capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any), after adjusting the issued/registered capital held by those attributable to the non-controlling interests prior to the group reorganisation undergone for the listing of the Company and (ii) staff costs borne by Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace (together, the "**Ultimate Controlling Party**") in prior periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 under the Companies Act of the Cayman Islands. The shares of the Company were listed on GEM on 13 January 2021 (the “**Listing**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business and the Group’s headquarter is situated at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of air-freight and ocean-freight forwarding services as an integrated logistics services provider.

As at the date of this report, in the opinion of the Directors, the Ultimate Controlling Parties are Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace, who have been acting in concert over the course of the Group’s business history.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated results for the three months ended 31 March 2023 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The HKICPA has issued a number of new/revised HKFRSs relevant to the Group which are effective for the current accounting period of the Group. They had no significant effect on the Group’s results and financial position for the current or prior periods. The Group has not early applied any new/revised HKFRSs that have been issued but not yet effective for the current accounting period. The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group’s financial statements.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2023 are consistent with those adopted in preparing the annual report of the Company for the year ended 31 December 2022.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. Certain figures have been re-classified to conform with presentation of the annual report of the Company for the year ended 31 December 2022.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 have not been audited by the Company’s auditor but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

3. REVENUE

	Three months ended 31 March	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customers within HKFRS 15		
Air-freight forwarding services	114,494	153,154
Ocean-freight forwarding services	2,559	27,489
	117,053	180,643

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Three months ended 31 March	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Timing of revenue recognition:		
— Over time		
Air-freight forwarding services	114,494	153,154
Ocean-freight forwarding services	2,559	27,489
	117,053	180,643

Segment information

Information reported to the executive Directors, being identified as the chief operating decision makers of the Group (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

- 1) Air-freight forwarding segment: provision of air-freight forwarding services.
- 2) Ocean-freight forwarding segment: provision of ocean-freight forwarding services.

Segment revenue and results

Segment revenue represents revenue derived from provision of (i) air-freight forwarding services and (ii) ocean-freight forwarding services.

Segment results represent the gross profit reported by each segment without allocation of other income, administration and other operating expenses, provision for impairment loss on trade receivables, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM for the reportable segments for the period is as follows:

	Air-freight forwarding HK\$'000 (unaudited)	Ocean-freight forwarding HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Three months ended			
31 March 2023			
Revenue			
Export	114,337	2,559	116,896
Import	157	-	157
Segment revenue	114,494	2,559	117,053
Segment results	5,263	158	5,421
Unallocated income and expenses:			
Other income			46
Administrative and other operating expenses			(12,454)
Reversal of provision for impairment loss on trade receivables			376
Finance costs			(411)
Loss before income tax			(7,022)
Income tax expenses			(91)
Loss for the period			(7,113)

	Air-freight forwarding HK\$'000 (unaudited)	Ocean-freight forwarding HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Three months ended 31 March 2022			
Revenue			
Export	153,138	27,477	180,615
Import	16	12	28
Segment revenue	153,154	27,489	180,643
Segment results	11,432	1,481	12,913
Unallocated income and expenses:			
Other income			54
Administrative and other operating expenses			(10,557)
Reversal of provision for impairment loss on trade receivables			278
Finance costs			(585)
Profit before income tax			2,103
Income tax expenses			(507)
Profit for the period			1,596

Geographical information

The following tables set out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the export shipments by destination and import shipments by origin.

Location of revenue

Revenue generated from export shipments by destination

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Europe	38,918	53,560
Asia	9,595	23,512
North America	66,133	99,510
Others	2,250	4,033
	116,896	180,615

Revenue generated from import shipments by origin

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Asia	157	28

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group is as follows:

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A from air freight forwarding segment	38,315	42,785
Customer B from air freight forwarding segment	15,364	22,347
Customer C from air freight forwarding segment	12,498	—*
	66,177	65,132

* This customer contributed less than 10% of the total revenue of the Group for the period.

4. OTHER INCOME

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	46	50
Recovery of bad debts previously written off	—	4
	46	54

5. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs		
Interest on interest-bearing borrowings	378	571
Interest on lease liabilities	33	14
	<hr/>	<hr/>
	411	585

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including Directors' emoluments)		
Salaries, discretionary bonus, allowance and other benefits in kind	4,391	4,968
Contributions to defined contribution plans	89	225
	<hr/>	<hr/>
Total staff costs	4,480	5,193
	<hr/>	<hr/>
Other items		
Depreciation	348	412
Exchange (gain)/loss, net	(2)	23
Recovery of bad debts previously written off	–	(4)
Reversal of impairment loss on trade receivables, net	(376)	(278)
	<hr/>	<hr/>

6. INCOME TAX EXPENSES

Three months ended
31 March

2023	2022
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Current tax

Hong Kong profits tax

	91	507
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Hong Kong profits tax was calculated at a flat rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2023 and 2022.

The Group's entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax of those jurisdictions.

The Group's entities established in the People's Republic of China (the "PRC") are subject to enterprise income tax of the PRC at a statutory rate of 25% during the three months ended 31 March 2023 and 2022.

7. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share is based on the following data:

Three months ended
31 March

2023	2022
HK\$'000	HK\$'000
(unaudited)	(unaudited)

(Loss)/profit for the period attributable to owners of the Company, used in basic and diluted (losses)/earnings per share calculation

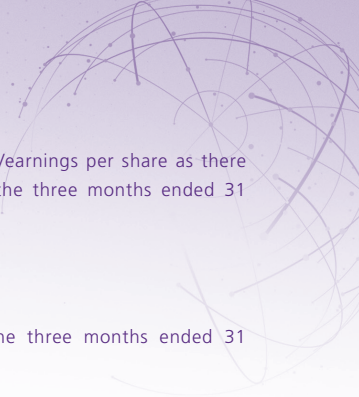
	(7,113)	1,596
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	'000	'000
	(unaudited)	(unaudited)

Number of shares:

Weighted average number of ordinary shares for basic and diluted (losses)/earnings per share calculation

	300,000	300,000
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Diluted (losses)/earnings per share are same as the basic (losses)/earnings per share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2023 and 2022.

8. DIVIDEND

No dividend was paid or declared by the Company during the three months ended 31 March 2023 and 2022.

9. EVENT AFTER THE REPORTING PERIOD

As from 31 March 2023 to the date of this report, the Board is not aware of any significant events that have occurred which require disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is a long-established freight forwarder headquartered in Hong Kong, with sales force in Hong Kong and six regional offices in the PRC, including Shanghai, Shenzhen, Guangzhou, Xiamen, Tianjin and Suzhou, focusing on the markets in Hong Kong, the PRC and Macau.

The Group is principally engaged in providing air and ocean export and import freight forwarding services, which involve arranging shipment upon receipt of booking instructions from its customers, obtaining cargo space from cargo space suppliers (including airlines, shipping liners and other freight forwarders) and preparing the relevant documentations (such as customs clearance from the origin of consignment). The Group also arranges ancillary logistics services to its air freight forwarding services, including cargo pick up, cargo handling at ports and local transportation and warehousing related services (such as repackaging, labelling, palletising, customs clearance and warehousing) to meet the requirements of its customers.

REVENUE

The Group derives its revenue from two business segments, namely air freight forwarding services and ocean freight forwarding services, which include both import and export of goods. For Q12023, the Group recorded a revenue of approximately HK\$117.1 million (Q12022: approximately HK\$180.6 million).

The table below sets forth the breakdown of the Group's revenue by business segment for the periods indicated:

	Q12023 (Unaudited)		Q12022 (Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	114,494	97.8	153,154	84.8
Ocean freight forwarding	2,559	2.2	27,489	15.2
	117,053	100.0	180,643	100.0

Air freight forwarding

The Group's business focus is the provision of air freight export services from the PRC, Hong Kong and Macau to over 120 countries in Europe, Asia, North America and other regions (including South America, Oceania and Africa).

The Group's revenue from the air freight forwarding segment decreased by approximately 25.3% to approximately HK\$114.5 million for Q12023 (Q12022: approximately HK\$153.2 million). Such decrease was primarily because of the decrease in demand for the freight services of the Group which was affected by the decrease in volume of Hong Kong's total exports of goods in Q12023.

Ocean freight forwarding

The Group's revenue from the ocean freight forwarding segment substantially decreased by approximately 90.5% to approximately HK\$2.6 million for Q12023 (Q12022: approximately HK\$27.5 million), primarily due to the absence of orders from a key customer who had contributed a large volume of shipments during Q12022.

Cost of services

The Group's cost of services mainly include the cost of cargo spaces, security charges, terminal charges and fuel surcharges.

The Group's cost of services decreased by approximately 33.5% to approximately HK\$111.6 million for Q12023 (Q12022: approximately HK\$167.7 million), which corresponded with the decrease in revenue of the Group.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 58.1% to approximately HK\$5.4 million for Q12023 (Q12022: approximately HK\$12.9 million), which was primarily reflected by (i) the widened contraction of the economy in Hong Kong during Q12023; (ii) the overall decrease in demand for the freight services of the Group which was affected by the further decrease in volume of Hong Kong's total exports of goods in Q12023; and (iii) the continuous high freight costs despite the easing of supply chain disruptions that were built up over the pandemic and the reduced port congestion levels in Q12023, and the inability of the Group to transfer the surging logistics costs to its customers. Accordingly, the Group's gross profit margin further decreased to approximately 4.6% for Q12023 (Q12022: approximately 7.1%).

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprise staff costs, entertainment and travelling expenses, depreciation, office expenses, rent and rates, legal and professional fees, bank charges, internet and computer expenses and others such as storage charges.

The Group's administrative and other operating expenses amounted to approximately HK\$12.5 million for Q12023 (Q12022: approximately HK\$10.6 million).

Loss for the period

Due to the above factors, the Group recorded a net loss of approximately HK\$7.1 million for Q12023, against a net profit of approximately HK\$1.6 million recorded for Q12022.

Capital structure

As at 31 March 2023, the capital structure of the Group was mainly based on the equity attributable to the shareholders of the Company (the “**Shareholders**”) (including share capital and reserves); and the total number of issued ordinary shares was 300,000,000 with a par value of HK\$0.01 each (31 March 2022: 300,000,000 shares).

Reserves

Details of the movements in the reserves of the Group during Q12023 are set out in the Condensed Consolidated Statement of Changes in Equity on page 6 of this report.

OUTLOOK AND PROSPECTS

As we move further into 2023, the freight forwarding industry continues to face a range of challenges and opportunities. While the industry has made some progress in addressing issues such as rising living costs and geopolitical tensions, these factors remain a concern. Additionally, new challenges and opportunities continue to emerge, driven by technology, shifting consumer behavior, and evolving regulations. Looking ahead, the Group remains committed to staying agile and innovative, keeping pace with new trends and technologies. By doing so, the Group aims to not only survive but also thrive in 2023 and beyond, delivering value to its customers and stakeholders while contributing to a more sustainable future. The Group will continue to implement the following strategies:

- strengthen the Group's market position in Hong Kong and the PRC by purchasing more cargo spaces in order to cater for its customers' demand;
- expand the Group's reach to potential customers in the PRC; and
- continue to improve the Group's ability to obtain cargo spaces through closer collaboration with airlines.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the Company's listed securities during Q12023.

DIVIDEND

The Directors did not recommend the payment of any dividend for Q12023 (Q12022: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules (the "Model Code") were as follows:

Name of Director	Capacity/ Nature of Interest	Total Number of Shares held (L) (Note 1)	Approximate Percentage of Shareholding
Mr. Chiu Ricky Tong ("Mr. Chiu")	Interest in controlled corporations (Note 2)	225,000,000	75%
Ms. Wong Sheng Ning Candace ("Ms. Wong")	Interest of spouse (Note 3)	225,000,000	75%

Notes:

1. The letter “L” denotes the entity/person’s long position in the shares.
2. These 225,000,000 shares are held as to 50% by Peak Connect International Limited (“**Peak Connect**”) and 50% by Profit Virtue Worldwide Limited (“**Profit Virtue**”). Peak Connect is owned as to 92.32% and 7.68% by Mr. Chiu and Ms. Wong, respectively. Profit Virtue is wholly owned by Mr. Chiu. Therefore, Mr. Chiu is deemed to be interested in all the shares held by Peak Connect and Profit Virtue for the purpose of the SFO.
3. Ms. Wong is the spouse of Mr. Chiu, and is therefore deemed to be interested in all the shares in which Mr. Chiu has an interest for the purpose of the SFO.

Save as disclosed above, as at 31 March 2023, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in the Model Code.

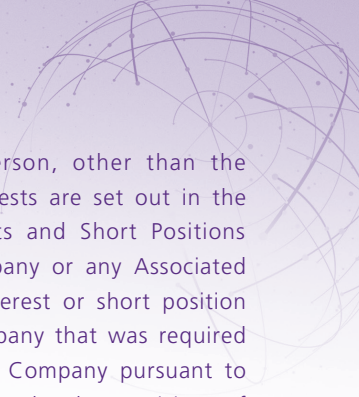
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, so far as the Directors are aware, the following persons/entities (other than the Directors or the chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company were as follows:

Name of Shareholder	Capacity/ Nature of Interest	Total Number of Shares held (L) (Note 1)	Approximate Percentage of Shareholding
Profit Virtue (Note 2)	Beneficial owner	112,500,000	37.5%
Peak Connect (Note 2)	Beneficial owner	112,500,000	37.5%

Notes:

1. The letter "L" denotes the entity/person's long position in the shares.
2. For details, please refer to Note 2 in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations" above.



Save as disclosed above, as at 31 March 2023, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations” above, had notified the Company of an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

The Directors were not aware of any business or interest of Directors nor the controlling Shareholders nor any of their respective close associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during Q12023.

CORPORATE GOVERNANCE CODE

During Q12023, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, save and except the deviation below:

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company are currently both performed by Mr. Chiu. The Board believes that having Mr. Chiu acting as both the chairman and chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective strategic planning and management of the Group. Further, in view of Mr. Chiu's experience in the industry, personal profile and role in the Group and the historical development of the Group, the Board believes that it is to the benefit of the Group in terms of business prospects that Mr. Chiu continues to act as both the chairman and chief executive officer. The Board considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises six other experienced and high-caliber individuals including one other executive Director, two non-executive Directors and three independent non-executive Directors, who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Company will consult appropriate Board committees and senior management. Considering the present size and the scope of business of the Group, the Board considers that it is not in the best interests of the Company and the Shareholders as a whole to separate the roles of the chairman and the chief executive officer, because such separation would render the decision-making process of the Company less efficient than the current structure. Therefore, the Directors consider that the present arrangement is beneficial to and in the interests of the Company and the Shareholders as a whole and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman of the Board and chief executive officer separately.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the Model Code. Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he was a Director.

The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors confirmed that they had complied with the required standards of dealings set out in the Model Code during Q12023. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during Q12023.

INTERESTS OF COMPLIANCE ADVISER

As notified by VBG Capital Limited (“**VBG**”), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and VBG on 11 December 2020, neither VBG nor any of its close associates (as defined in the GEM Listing Rules), directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during Q12023 and up to the date of this report.

AUDIT COMMITTEE

This report including the Group's unaudited consolidated financial statements for Q12023 has been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for Q12023 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Grand Power Logistics Group Limited
CHIU Ricky Tong
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 10 May 2023

As at the date of this report, the executive Directors are Mr. Chiu Ricky Tong and Mr. Tse Chi Kwan Decky; the non-executive Directors are Ms. Wong Sheng Ning Candace and Mr. Heung Wai Keung; and the independent non-executive Directors are Mr. Ng Hung Fai Myron, Mr. Tam Ka Hei Raymond and Mr. Yeung Kwong Wai.