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

INTERIM 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 posting.

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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

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Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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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

INTERIM UNAUDITED RESULTS

HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the six months ended 30 June 2023 was approximately HK$322.5 million (2022: approximately HK$366.6 million), representing a decrease of approximately 12.0% as compared with that for the corresponding period in 2022.

- The Group recorded a loss attributable to ordinary equity holders of the Company of approximately HK$6.1 million for the six months ended 30 June 2023 (2022: approximately HK$1.4 million).

- The basic and diluted losses per share of the Company were approximately HK2.04 cents for the six months ended 30 June 2023 (2022: approximately HK0.46 cents).

The board of Directors (the "**Board**") is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023, together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	**2023**	2022
		HK$'000	HK$'000	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**205,457**	185,947	**322,510**	366,590
Cost of services		**(193,057)**	(179,561)	**(304,689)**	(347,291)
Gross profit		**12,400**	6,386	**17,821**	19,299
Other income	4	**572**	13	**618**	67
Administrative and other operating expenses		**(11,270)**	(9,318)	**(23,724)**	(19,875)
Provision for impairment loss on trade receivables		**3**	27	**379**	305
Finance costs	5	**(447)**	(278)	**(858)**	(863)
Profit/(loss) before income tax	5	**1,258**	(3,170)	**(5,764)**	(1,067)
Income tax (expenses)/credit	6	**(253)**	188	**(344)**	(319)
Profit/(loss) for the period		**1,005**	(2,982)	**(6,108)**	(1,386)
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on consolidation		**(3,390)**	(2,192)	**(3,848)**	(2,339)
Total comprehensive loss for the period		**(2,385)**	(5,174)	**(9,956)**	(3,725)
		HK cents	HK cents	**HK cents**	HK cents
Earnings/(losses) per share attributable to owners of the Company					
Basic and diluted	7	**0.34**	(0.99)	**(2.04)**	(0.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**30,016**	30,863
Other receivables	*10*	**—**	78
		30,016	30,941
Current assets			
Trade receivables, other receivables and prepayments	*10*	**162,121**	140,925
Tax recoverable		**4,764**	5,007
Pledged bank deposits		**30,071**	30,071
Bank balances and cash		**27,643**	29,553
		224,599	205,556
Current liabilities			
Trade and other payables	*11*	**95,159**	71,918
Tax payables		**—**	—
Interest-bearing borrowings	*12*	**29,936**	24,494
Lease liabilities		**1,126**	1,735
		126,221	98,147
Net current assets		**98,378**	107,409
Total assets less current liabilities		**128,394**	138,350
Non-current liabilities			
Lease liabilities		**1,837**	1,837
		1,837	1,837
NET ASSETS		**126,557**	136,513

	Notes	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Capital and reserves			
Share capital	*13*	**3,000**	3,000
Reserves		**123,557**	133,513
TOTAL EQUITY		**126,557**	136,513

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

		Reserves					
	Share capital	Share premium *(Note a)*	Capital reserve *(Note b)*	Translation reserve	Statutory reserve	Accumulated (losses)/ profits	Total
	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
Loss for the period	–	–	–	–	–	(1,386)	(1,386)
Other comprehensive loss: *Items that may be reclassified subsequently to profit or loss* Exchange differences on consolidation	–	–	–	(2,339)	–	–	(2,339)
Total comprehensive loss for the period	–	–	–	(2,339)	–	(1,386)	(3,725)
At 30 June 2022 (unaudited)	3,000	35,986	97,438	(2,093)	110	27,770	162,211
At 1 January 2023 (audited)	**3,000**	**35,986**	**97,438**	**(1,587)**	**110**	**1,566**	**136,513**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(6,108)**	**(6,108)**
Other comprehensive loss: *Items that may be reclassified subsequently to profit or loss* Exchange differences on consolidation	**–**	**–**	**–**	**(3,848)**	**–**	**–**	**(3,848)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(3,848)**	**–**	**(6,108)**	**(9,956)**
At 30 June 2023 (unaudited)	**3,000**	**35,986**	**97,438**	**(5,435)**	**110**	**(4,542)**	**126,557**

Note a: The share premium represents the excess of the net proceeds from issuance of the Company's share over their par value.

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 reorganisation undergone for the Listing and (ii) staff costs borne by Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace (together the "**Ultimate Controlling Party**") in prior years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**2,417**	15,145
INVESTING ACTIVITIES		
Interest received	**130**	63
Purchase of property, plant and equipment	**—**	(19)
Net cash from investing activities	**130**	44
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	**—**	29,988
Repayment of interest-bearing borrowings	**—**	(37,070)
Repayment of lease liabilities	**(609)**	(341)
Net cash used in financing activities	**(609)**	(7,423)
Net increase in cash and cash equivalents	**1,938**	7,766
Cash and cash equivalents at beginning of the period	**29,553**	64,932
Effect on exchange rate changes	**(3,848)**	(420)
Cash and cash equivalents at the end of period, represented by bank balances and cash	**27,643**	72,278

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Grand Power Logistics Group Limited (the "**Company**", together with its subsidiaries are collectively referred to as the "**Group**") 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 of the Stock Exchange by way of placing and public offer on 13 January 2021 (the "**Listing**" or "**Listing Date**"). 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.

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are the Ultimate Controlling Party, 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 interim financial information for the six months ended 30 June 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 accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are consistent with those adopted in preparing the 2022 Annual Report except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

The group has applied the following new and amended HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application.

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

In June 2022, the Government of the Hong Kong SAR (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("**LSP**") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("**MPF**") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the group has been applying the abovementioned practical expedient.

The group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the group has yet to fully complete its assessment of the impact of the HKICPA guidance. The group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 December 2023.

The application of the amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in the Condensed Consolidated Financial Statements.

The preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 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.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. REVENUE

	Three months ended 30 June		**Six months ended 30 June**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from contracts with customers within HKFRS 15				
Air-freight forwarding services	**203,024**	158,934	**317,518**	312,088
Ocean-freight forwarding services	**2,433**	27,013	**4,992**	54,502
	205,457	185,947	**322,510**	366,590

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 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Timing of revenue recognition:				
— Over time				
Air-freight forwarding services	**203,024**	158,934	**317,518**	312,088
Ocean-freight forwarding services	**2,443**	27,013	**4,992**	54,502
	205,457	185,947	**322,510**	366,590

Segment information

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (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; and

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, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group 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)
Six months ended 30 June 2023			
Revenue			
Export	**317,360**	**4,992**	**322,352**
Import	**158**	**—**	**158**
Segment revenue	**317,518**	**4,992**	**322,510**
Segment results	**32,454**	**913**	**17,821**
Unallocated income and expenses:			
Other income			**618**
Administrative and other operating expenses			**(23,724)**
Provision for impairment loss on trade receivables			**379**
Finance costs			**(858)**
Loss before income tax			**(5,764)**
Income tax expenses			**(344)**
Loss for the period			**(6,108)**

	Air-freight forwarding HK$'000 (Unaudited)	Ocean-freight forwarding HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Six months ended 30 June 2022			
Revenue			
Export	311,814	54,464	366,278
Import	274	38	312
Segment revenue	312,088	54,502	366,590
Segment results	17,457	1,842	19,299
Unallocated income and expenses:			
Other income			67
Administrative and other operating expenses			(19,875)
Provision for impairment loss on trade receivables			305
Finance costs			(863)
Loss before income tax			(1,067)
Income tax expense			(319)
Loss for the period			(1,386)

Geographical information

The following table sets 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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Europe	**95,368**	120,914
Asia	**17,560**	34,959
North America	**196,910**	187,578
Others	**12,514**	22,827
	322,352	366,278

Revenue generated from import shipments by origin

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Europe	**—**	16
Asia	**158**	271
North America	**—**	25
Others	**—**	—
	158	312

Information about major customers

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A from air freight forwarding segment	**85,095**	77,994
Customer B from air freight forwarding segment	**—***	41,224
Customer C from air freight forwarding segment	**43,683**	41,167
	128,778	160,385

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

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income	**84**	13	**130**	63
Recovery of bad debts previously written-off	**—**	—	**—**	4
Sundry income	**488**	—	**488**	—
	572	13	**618**	67

5. PROFIT/(LOSS) BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance costs				
Interest on interest-bearing borrowings	**414**	264	**792**	835
Interest on lease liabilities	**33**	14	**66**	28
	447	278	**858**	863
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowance and other benefits in kind	**5,354**	3,125	**9,745**	8,093
Contributions to defined contribution plans	**360**	249	**449**	474
Total staff costs	**5,714**	3,374	**10,194**	8,567
Other items				
Depreciation	**420**	373	**768**	785
Exchange loss/(gain), net	**134**	(255)	**132**	(232)
Recovery of bad debts previously written-off	**—**	—	**—**	(4)
Reversal of impairment loss on trade receivables, net	**—**	—	**—**	(278)

6. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
Hong Kong profits tax				
Current year	**(253)**	(188)	**(344)**	319

Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the six months ended 30 June 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 PRC are subject to enterprise income tax of the PRC at a statutory rate of 25% during the six months ended 30 June 2023 and 2022.

7. EARNINGS/(LOSSES) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company used in basic and diluted earnings/(losses) per share calculation	**1,005**	(2,982)	**(6,108)**	(1,386)
	'000	*'000*	***'000***	*'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Number of shares:				
Weighted average number of ordinary shares for basic and diluted earnings/(losses) per share calculation	**300,000**	300,000	**300,000**	300,000

Diluted earnings/(losses) per share are same as the basic earnings/(losses) per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2023 and 2022.

8. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group had acquired no property, plant and equipment (2022: HK$19,000). No property, plant and equipment (2022: nil) were written off or disposed of during the six months ended 30 June 2023.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Trade receivables	**161,165**	139,898
Less: Loss allowances	**(673)**	(1,052)
	160,492	138,846
Other receivables and prepayments		
Prepayments	**1,448**	312
Deposits and other receivables	**1,064**	2,728
Less: loss allowances	**(883)**	(883)
	1,629	2,157
	162,121	141,003
Analysed into:		
Current portion	**162,121**	140,925
Non-current portion	**—**	78
	162,121	141,003

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was up to 90 days. At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowances) based on invoice date is as follows:

	At 30 June 2023 *HK$'000* **(Unaudited)**	At 31 December 2022 *HK$'000* (Audited)
Within 30 days	**75,811**	56,465
31 to 60 days	**64,993**	48,100
61 to 90 days	**18,380**	33,537
Over 90 days	**1,308**	744
	160,492	138,846

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowances) by due date is as follows:

	At 30 June 2023 *HK$'000* **(Unaudited)**	At 31 December 2022 *HK$'000* (Audited)
Not yet due	**159,184**	136,207
Past due:		
Within 30 days	**1,308**	2,263
Over 90 days	**—**	376
	1,308	2,639
	160,492	138,846

The Group has not impaired certain of its trade receivables which are past due at the end of the reporting periods as there has not been a significant change in credit quality.

11. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Trade payables	**92,863**	67,894
Other payables		
Accruals and other payables	**950**	2,700
Salaries payables	**1,182**	1,138
Contract liabilities	**164**	186
	2,296	4,024
	95,159	71,918

The trade payables are non-interest bearing and the Group is normally being granted with credit terms up to 60 days.

At the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2023 HK$'000 (Unaudited)	At 31 December 2022 HK$'000 (Audited)
Within 30 days	**61,058**	53,176
31 to 60 days	**23,671**	12,026
61 to 90 days	**2,102**	2,447
Over 90 days	**6,032**	245
	92,863	67,894

12. INTEREST-BEARING BORROWINGS

At the end of the reporting period, details of the interest-bearing borrowings of the Group are as follows:

	At 30 June 2023	At 31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest-bearing borrowings — secured	**29,936**	24,494

The interest-bearing borrowings represent amounts due to various banks which are due within 1 year, 5 years or 15 years since its inception at 30 June 2023 and 31 December 2022 and normally be renewed with banks upon expiry/maturity.

The weighted average effective interest rates of the interest-bearing borrowings at 30 June 2023 and 31 December 2022 are approximately 3.43% and 4.36%, respectively.

The interest-bearing borrowings are secured by:

i) certain leasehold properties with an aggregate net carrying amount at the end of the reporting period of approximately HK$29,353,000 (31 December 2022: HK$29,851,000);

ii) pledged bank deposits with carrying amount at the end of the reporting period of HK$30,071,000 (31 December 2022: HK$30,071,000); and

iii) guarantee provided by the Government of the Hong Kong Special Administrative Region.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the banks will exercise their discretion to demand repayment so long as the Group continues to make payments according to the schedule of the loans. At 30 June 2023 and 31 December 2022, none of the covenants relating to drawn down facilities had been breached.

13. SHARE CAPITAL

	At 30 June 2023 (Unaudited)		At 31 December 2022 (Audited)	
	No. of shares	***HK$'000***	No. of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At the beginning and the end of the reporting period	**300,000,000**	**3,000**	300,000,000	3,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is a long-established freight forwarder headquartered in Hong Kong, with sales forces in Hong Kong and six regional offices in the People's Republic of China (the "**PRC**"), including Shanghai, Shenzhen, Guangzhou, Xiamen, Tianjin and Suzhou, focusing on the market 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 documentation (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. Although the Group's revenue showed improvement during the three months ended 30 June 2023 ("**Q22023**") and increased compared to the same period of 2022, the overall revenue for the six months ended 30 June 2023 still declined from the previous year, primarily due to a significant decrease in revenue during the first quarter of 2023 ("**Q12023**") as disclosed in the Q12023 report of the Company. For the six months ended 30 June 2023, the Group recorded a revenue of approximately HK$322.5 million (2022: approximately HK$366.6 million), representing a decrease of approximately 12.0% as compared with that of the corresponding period in 2022.

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

	Six months ended 30 June			
	2023		2022	
	(Unaudited)		(Unaudited)	
	HK$'000	**%**	*HK$'000*	%
Air freight forwarding	**317,518**	**98.5**	312,088	85.1
Ocean freight forwarding	**4,992**	**1.5**	54,502	14.9
	322,510	**100.0**	366,590	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 increased by approximately 1.7% to approximately HK$317.5 million for the six months ended 30 June 2023 (2022: approximately HK$312.1 million). Such increase was primarily due to the increase in chartered aircraft freight forwarding services provided by the Group during Q22023.

Ocean freight forwarding

The Group's revenue from the ocean freight forwarding segment decreased by approximately 90.8% to approximately HK$5.0 million for the six months ended 30 June 2023 (2022: approximately HK$54.5 million), primarily due to the absence of orders from a key customer who had contributed a large volume of shipments during the six months ended 30 June 2023.

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 12.3% to approximately HK$304.7 million for the six months ended 30 June 2023 (2022: approximately HK$347.3 million), which corresponded with the decrease in revenue of the Group and the decrease in air freight costs.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 7.8% to approximately HK$17.8 million for the six months ended 30 June 2023 (2022: approximately HK$19.3 million), which corresponded with the decrease in revenue of the Group. The Group's gross profit margin increased slightly from approximately 5.3% for the six months ended 30 June 2022 to approximately 5.5% for the six months ended 30 June 2023 as a result of a decrease in air freight costs during Q22023.

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 increased by approximately 19.1% to approximately HK$23.7 million for the six months ended 30 June 2023 (2022: approximately HK$19.9 million) due to the increase in expenses for business development with suppliers and customers after the full resumption of normal operations and travel between Hong Kong and PRC.

Taxation

The Group recorded tax expenses of approximately HK$0.3 million for the six months ended 30 June 2023 (2022: approximately HK$0.3 million).

Loss for the period

Due to the above factors, despite the slight improvement during Q22023, the Group still recorded a net loss of approximately HK$6.1 million for the six months ended 30 June 2023 (2022: approximately HK$1.4 million).

Liquidity and financial resources

The Group financed its operations primarily through a combination of cash flow generated from its operations, interest-bearing bank borrowings and bank overdrafts. The Group's use of cash primarily relates to purchases of cargo spaces and various operating expenses.

The Group's gearing ratio, which is calculated as the total debts divided by the total equity as at the respective period end, was approximately 26.0% as at 30 June 2023 (31 December 2022: approximately 20.6%). As at 30 June 2023, the Group's total debts were approximately HK$32.9 million (31 December 2022: approximately HK$28.1 million) and the total equity was approximately HK$126.6 million (31 December 2022: approximately HK$136.5 million).

The Group's current ratio, which is calculated as the total current assets divided by the total current liabilities at the respective period end, was approximately 1.8 as at 30 June 2023 (31 December 2022: approximately 2.1).

As at 30 June 2023, the Group had bank balances and cash of approximately HK$27.6 million (31 December 2022: approximately HK$29.6 million). The cash and cash equivalents of the Group are denominated in HK$, US$ and Renminbi ("**RMB**") and in aggregate amounted to approximately HK$17.0 million as at 30 June 2023 (31 December 2022: approximately HK$28.7 million). The pledged bank deposits of the Group are denominated in HK$ and US$ and amounted to approximately HK$30.1 million as at 30 June 2023 (31 December 2022: approximately HK$30.1 million). The Group's financial position remains solid and the Group has sufficient bank balances to meet its liabilities when they become due.

For the six months ended 30 June 2023, the Group's net cash generated from operating activities was approximately HK$2.4 million (2022: approximately HK$15.1 million), net cash generated from investing activities was approximately HK$0.1 million (2022: approximately HK$0.04 million) and net cash used in financing activities was approximately HK$0.6 million (2022: approximately HK$7.4 million).

As at 30 June 2023, the interest-bearing borrowings were made in HK$ (31 December 2022: HK$) and amounted to approximately HK$29.9 million (31 December 2022: approximately HK$24.5 million). Particulars of the interest-bearing borrowings of the Group are set out in note 12 to the condensed consolidated financial statements in this report.

Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

Future plans for material investments and capital assets

As at 30 June 2023, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2020.

Capital structure

As at 30 June 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). The total number of issued ordinary shares was 300,000,000 with a par value of HK$0.01 each (31 December 2022: 300,000,000 shares).

Pledge of/charge on assets

As at 30 June 2023, the bank and other borrowings of the Group were secured by certain leasehold land and buildings, property insurance on the pledged leasehold land and buildings, pledged bank deposits and guarantees provided by the Government of the Hong Kong Special Administrative Region, details of which are set out in note 12 to the condensed consolidated financial statements in this interim report.

Contingent liabilities

The Group did not have any significant contingent liability as at 30 June 2023 (31 December 2022: Nil).

Capital commitments

The Group did not have any capital commitment as at 30 June 2023 (31 December 2022: Nil).

Financial management and treasury policy

The Group's principal financial instruments comprise of trade and other receivables, pledged bank deposits, cash and bank balances, trade and other payables, interest-bearing borrowings and lease liabilities.

The Group is exposed to risks associated with financial instruments. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Group adopts prudent funding and treasury management policies while maintaining an overall healthy financial position.

In terms of mitigating credit risks, the Group selects the counterparties with reference to their past credit history and/or market reputation. The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The management of the Group limits the Group's exposure to credit risks by taking timely actions once there is any indication of recoverability problems with each individual debtor. The management of the Group also reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure adequate allowance is made for irrecoverable amounts.

In terms of mitigating liquidity risks, the Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade and other receivables) and projected cash flows from operations. The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

In terms of mitigating interest rate risks, the Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

Foreign exchange exposure

The Group's operating subsidiaries incorporated in Hong Kong operate with most transactions being settled in HK$, except for certain transactions which are denominated in US$ or other currencies. The Group's operating subsidiaries incorporated in the PRC operate in the PRC and their functional currency is RMB. The Group's transactions are mainly denominated in HK$, US$ and RMB. As at 30 June 2023, foreign currency risk arose mainly because certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities.

Employees and pension scheme

As at 30 June 2023, the Group had 45 (31 December 2022: 41) full-time employees. Total staff costs for the six months ended 30 June 2023 and the six months ended 30 June 2022 were approximately HK$10.2 million and HK$8.6 million, respectively.

The Group's standard remuneration package to its employees may include salary, discretionary bonuses, benefits in kind and incentives. The Group determines the employee's remuneration based on factors such as their performance, qualifications, position, duties, contributions, years of experience and local market conditions. The remuneration package of the Group's employees is periodically reviewed. The Group has also adopted a share option scheme (the "**Share Option Scheme**") to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider that the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contribution to the Group.

The Group's management considers its employees as key assets which play a pivotal role in its continuous growth. It is the Group's policy to maximise the potential of its employees through training and development. The Group's employee training and development aim at equipping its employees with the knowledge and skills necessary to perform their job functions and enhance their capability.

OUTLOOK AND PROSPECTS

The freight forwarding industry will continue to face changes due to various challenges such as war, geopolitics, inflation, overcapacity, workforce transformation, and new policies and regulations during the second half of 2023. All these changes are driving reconfiguration, reshoring, and digitalization in the industry. However, they also pose challenges such as a decline in global freight prices, geopolitical risks, rising costs, and a shortage of depot space for goods. The Group will need to develop innovative solutions to remain competitive, such as exploring new supply chain routes, optimizing operations, and adopting digital technologies. Looking forward, with the aim of further developing its business and continuing its growth, 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 SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the shares of the Company during the six months ended 30 June 2023.

DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 30 June 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 (Cap. 571) (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 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 30 June 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 rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 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 of the Company 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 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 30 June 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 or underlying shares 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.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, with an effective life of 10 years from the Listing Date. There were no outstanding options as at 30 June 2023. No options had been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As at 30 June 2023, the maximum number of shares of the Company underlying all grants to be made pursuant to the Share Option Scheme shall not exceed 30,000,000 shares of the Company, representing 10% of the total number of issued shares of the Company as at 30 June 2023 (1 January 2023: 30,000,000).

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 compete 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 the six months ended 30 June 2023.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, 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 paragraph C.2.1 of the CG Code, the roles of chairman and chief executive 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 and its 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 interest 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 interest of the Company and the Shareholders as a whole and the deviation from paragraph C.2.1 of the CG Code is appropriate in such circumstances.

In order to maintain good corporate governance and to fully comply with paragraph 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 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 required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (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 the six months ended 30 June 2023. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2023.

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 dated 11 December 2020, neither VBG nor any of its directors, employees and close associates (as defined in the GEM Listing Rules) 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 the six months ended 30 June 2023 and up to the date of this report.

AUDIT COMMITTEE

This report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 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 August 2023