



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

2025

ANNUAL 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](http://www.grandpowerexpress.com) and will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of 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

Mr. Heung Wai Keung  
Ms. Wong Sheng Ning Candace

### Independent Non-executive Directors

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

## COMPANY SECRETARY

Mr. Li Chun Fung

## 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*)  
Ms. Wong Sheng Ning Candace  
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

Baker Tilly Hong Kong Limited  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## LEGAL ADVISER

CFN Lawyers LLP  
27/F, Neich Tower  
128 Gloucester Road  
Wan Chai  
Hong Kong

## REGISTERED OFFICE

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

# Corporate Information

## 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](http://www.grandpowerexpress.com)

## STOCK CODE

8489

# Management Discussion and Analysis

The board of Directors (the “**Board**”) is pleased to present to you the annual report of the Company for the year ended 31 December 2025 (“**FY2025**”).

## **BUSINESS AND FINANCIAL REVIEW**

The Group is a long-established freight forwarder headquartered in Hong Kong, with sales force in Hong Kong and four regional offices in the People’s Republic of China (the “**PRC**”), including Shanghai, Shenzhen, Guangzhou and Xiamen, 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 shipments 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.

The Board is pleased to present the audited consolidated results of the Group for FY2025, together with the comparative figures for the corresponding year ended 31 December 2024 (“**FY2024**”).

### **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 FY2025, the Group’s total revenue amounted to approximately HK\$723.6 million (FY2024: approximately HK\$1,058.2 million), representing a decrease of approximately 31.6%. Such decrease was due to (i) the impact of newly imposed U.S. tariffs, which have led to a significant decline in demand for the Group’s freight forwarding services; and (ii) an intensifying industry competition which exerted significant pressure on pricing and compressed the markup levels acceptable to customers, further exacerbated by the Group’s existing airline contracts with fixed pricing terms that forced the Group to sell at a loss to avoid penalties and maintain its business.

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

	FY2025		FY2024	
	HK\$’000	%	HK\$’000	%
Air freight forwarding	716,689	99.04	1,045,017	98.76
Ocean freight forwarding	6,918	0.96	13,155	1.24
	<b>723,607</b>	<b>100</b>	1,058,172	100

# Management Discussion and Analysis

## 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 31.4% to approximately HK\$716.7 million for FY2025 (FY2024: approximately HK\$1,045.0 million).

## Ocean freight forwarding

The Group's revenue from the ocean freight forwarding segment decreased by approximately 47.4% to approximately HK\$6.9 million for FY2025 (FY2024: approximately HK\$13.2 million), primarily because of the decrease in demand for the ocean freight forwarding services of the Group.

## Cost of services

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

The cost of services decreased by approximately 28.9% to approximately HK\$723.8 million for FY2025 (FY2024: approximately HK\$1,018.4 million), which corresponded with the decrease in revenue of the Group.

# Management Discussion and Analysis

## Gross profit and gross profit margin

The Group recorded a gross loss of approximately HK\$0.2 million for FY2025 (FY2024: gross profit of approximately HK\$39.7 million), with a gross loss margin of approximately 0.03% for FY2025 (FY2024: gross profit margin of approximately 3.76%) as a result of the decrease in revenue and the high fixed airline cost which could not be transferred to customers. With the expiration of these airline contracts and their non-renewal in the second half of 2025, the Group's gross loss decreased from approximately HK\$11.7 million for the six months ended 30 June 2025 to approximately HK\$0.2 million for FY2025.

## Other income and other gains and losses

The Group's other income and other gains and losses mainly represents interest income from bank deposits, recovery of bad debts previously written-off, gain on early termination of lease, loss on disposal of property, plant and equipment and sundry income.

The Group's other income and other gains and losses amounted to approximately HK\$0.2 million for FY2025 (FY2024: approximately HK\$1.4 million).

## 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 were approximately HK\$40.3 million for FY2025 (FY2024: approximately HK\$40.2 million).

# Management Discussion and Analysis

## Finance costs

The Group's finance costs comprise mainly interest charges on interest-bearing bank borrowings and lease liabilities.

The Group's finance expenses were approximately HK\$3.4 million for FY2025 (FY2024: approximately HK\$3.5 million).

## Taxation

The Group recorded income tax expense of approximately HK\$0.9 million for FY2025 (FY2024: tax credit of approximately HK\$0.4 million), resulting from the reversal of the deferred tax asset recognised in prior years, to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## Loss for the year

Due to the above factors, the Group recorded a substantial increase in net loss of approximately HK\$44.9 million for FY2025 (FY2024: approximately HK\$3.7 million), but the extent of increase in net loss for the second half of 2025 has been mitigated when compared to a net loss of approximately HK\$35.7 million recorded for the first half of 2025.

## Liquidity and financial resources

The Group financed its operations primarily through a combination of cash flows generated from its operations and interest-bearing bank borrowings. 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 based on the total debts divided by total equity as at the respective dates, was approximately 74.9% as at 31 December 2025 (31 December 2024: approximately 38.0%). As at 31 December 2025, the Group's total debts were approximately HK\$60.7 million (31 December 2024: approximately HK\$48.2 million) and the total equity was approximately HK\$81.1 million (31 December 2024: approximately HK\$126.7 million).

The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities at the respective dates, was approximately 1.4 as at 31 December 2025 (31 December 2024: approximately 1.6).

# Management Discussion and Analysis

As at 31 December 2025, the Group had cash and bank balances of approximately HK\$39.1 million (31 December 2024: approximately HK\$31.3 million). The cash and cash equivalents of the Group are denominated in HK\$, United States dollar (“**US\$**”) and Renminbi (“**RMB**”) and in aggregate amounted to approximately HK\$39.1 million as at 31 December 2025 (31 December 2024: approximately HK\$31.3 million). The pledged bank deposits of the Group are denominated in HK\$ and RMB and amounted to approximately HK\$35.8 million as at 31 December 2025 (31 December 2024: approximately HK\$35.2 million). The Group’s financial position remains solid and the Group has sufficient bank balances to meet its liabilities when they become due.

The Group achieved a turnaround in operating cash flow for FY2025, with a net cash from operating activities of approximately HK\$5.9 million (FY2024: approximately HK\$13.7 million). In FY2025, the net cash used in investing activities was approximately HK\$0.5 million (FY2024: approximately HK\$4.7 million) and net cash from financing activities was approximately HK\$4.0 million (FY2024: net cash used in financing activities was approximately HK\$0.5 million). The increase in cash from financing activities was primarily due to reduced repayments.

## Working capital

The Group’s trade receivables represented receivables of freight forwarding services income from its customers. The Group’s trade receivables (less loss allowances) decreased by approximately 35.4% to approximately HK\$130.2 million as at 31 December 2025 (31 December 2024: approximately HK\$201.4 million) and the Group’s average turnover days of trade receivables increased to approximately 83.6 days for FY2025 (FY2024: approximately 72.2 days), due to an increase in business from clients with longer credit terms.

The Group’s trade payables are derived primarily from payables relating to the costs of purchasing air and ocean cargo spaces. The Group’s trade payables decreased by approximately 24.0% to approximately HK\$84.1 million as at 31 December 2025 (31 December 2024: approximately HK\$110.7 million) and the Group’s average trade payable turnover days increased to approximately 49.1 days for FY2025 (FY2024: approximately 40.4 days), which was mainly because the Group procured more cargo spaces from co-loaders (usually allowed longer credit periods) and fewer cargo spaces from airlines (usually allowed shorter credit periods) in FY2025.

## Interest-bearing borrowings

As at 31 December 2025, the interest-bearing borrowings were made in HK\$ and RMB (31 December 2024: HK\$) and amounted to approximately HK\$58.9 million (31 December 2024: approximately HK\$46.9 million).

# Management Discussion and Analysis

The maturity profile of the Group's interest-bearing borrowings is summarised below:

On demand or less than 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>
55,650	537	1,611	1,835

The borrowings are at floating interest rates with the weighted average effective interest rate as at 31 December 2025 at approximately 6.11% (31 December 2024: approximately 6.28%). Further particulars of the interest-bearing borrowings of the Group are set out in note 19 to the consolidated financial statements in this annual report.

## Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during FY2025.

## Future plans for material investments and capital assets

As at 31 December 2025, the Group did not have any plans for material investments and capital assets.

## Capital structure

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). As at 31 December 2025, the total number of issued ordinary shares of the Company (the "**Shares**") was 300,000,000 with a par value of HK\$0.01 each (31 December 2024: 300,000,000 Shares).

## Pledge of/charge on assets

As at 31 December 2025, the bank and other borrowings of the Group were secured by certain leasehold land and buildings, pledged bank deposits, guarantees provided by the Government of the Hong Kong Special Administrative Region, details of which are set out in note 19 to the consolidated financial statements in this annual report.

## Contingent liabilities

The Group did not have any significant contingent liability as at 31 December 2025 (31 December 2024: Nil).

# Management Discussion and Analysis

## Capital commitments

The Group did not have any capital commitment as at 31 December 2025 (31 December 2024: Nil).

## Financial management and treasury policy

The Group's principal financial instruments comprise 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 recognized 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 problem of 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 amount.

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 of 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 31 December 2025, 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.

# Management Discussion and Analysis

## EMPLOYEES

As at 31 December 2025, the Group had 34 (31 December 2024: 37) full-time employees. Total staff costs for FY2025 and FY2024 were approximately HK\$16.7 million and approximately HK\$17.6 million, respectively.

The Group's standard remuneration package to its employees may include salary, discretionary bonus, benefits in kind and incentive. 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. Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" of this annual report.

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 maximize 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 Group, as one of the Hong Kong freight forwarders, faced rising costs and supply-chain volatility in early 2026 as escalating Middle East conflicts and persistent China-US trade tensions bite. Shipping disruptions around the Gulf and Strait of Hormuz have prompted war-risk surcharges, significant delays (adding at least 10 days to some transit times), and higher insurance premiums, while ongoing tariffs have reduced air-cargo volumes and weakened Hong Kong's traditional role as a logistics hub. The combined effects are driving rerouting, increased air cargo demand, and pressure on margins, with shippers bracing for up to a 10% rise in overall costs from higher container rates and surcharges.

In response, the Group is accelerating adaptations: actively developing alternative routes and modal options to avoid troubled corridors, expanding use of alternative ports, and investing in digital tools for better end-to-end visibility and operational efficiency. The Group will deepen carrier and agent partnerships, pursue prudent financial planning, and maintain organisational agility to protect service continuity, capture new opportunities, and preserve long-term competitiveness.

Looking forward, the focus on adaptability will be crucial for not only weathering the changing geopolitical landscape but also for capitalizing on emerging opportunities in the freight forwarding landscape.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the Shares during FY2025.

# Biographical Details of Directors and Senior Management

## Directors

### Executive Directors

**Mr. Chiu Ricky Tong (趙彤)**, aged 55, founded the Group through the establishment of Grand Power Express International Limited (“**GP Express**”) in March 2002. Mr. Chiu is an executive Director, the chairman (the “**Chairman**”) and the chief executive officer (the “**CEO**”) of the Company. He was appointed as an executive Director in March 2018, and is primarily responsible for formulating the overall business strategies and overseeing the business and operation of the Group.

Mr. Chiu has over 23 years of experience in the logistics industry and has been specialized in providing international freight forwarding services. He was the manager of Bao Shinn Express Company Limited (formerly known as Bao Shinn Travel Company Limited) (“**Bao Shinn**”) from August 1995 to December 2001, and has been the director of Bao Shinn since December 2001. Since March 2002, Mr. Chiu has been the president of GP Express. He was a director of Grand Power Logistics Group Inc. (“**GP Logistics**”), being the holding company of GP Express that was listed on the TSX Venture Exchange in Canada, from October 2004 to January 2017.

Mr. Chiu obtained a degree in bachelor of science in physics from the Imperial College, the University of London in 1993. He was further awarded a special diploma in social studies from the Keble College, the University of Oxford in 1994. Mr. Chiu is the husband of Ms. Wong Sheng Ning Candace, a non-executive Director.

**Mr. Tse Chi Kwan Decky (謝志坤)**, aged 55, was appointed as an executive Director in March 2018. He is primarily responsible for managing and supervising the day-to-day operation of the Group.

Mr. Tse completed his secondary education in Hong Kong in 1987. Upon graduation, Mr. Tse joined a courier service company in 1989 and his last position when he left the company in 2003 was the senior manager of export air operation. He joined the Group in 2004 as the general manager and was responsible for leading and providing strategies for the sales and operation team, expanding existing and exploring new business opportunities and markets and developing the branch offices in South China. Since he became the managing director of GP Express in 2009, he has been responsible for leading the management team to fulfill corporate goals and objectives, setting up sales targets and supervising the daily operations of the Group. He was a director of GP Logistics from 2013 to 2017 and provided advice and opinion to the board of directors on sales, business development and operation matters and was accountable to the board for achieving sales and business goals.

# Biographical Details of Directors and Senior Management

## Non-executive Directors

**Ms. Wong Sheng Ning Candace (王綸瀟)** (formerly known as 王晟寧), aged 52, was appointed as a non-executive Director in March 2018. She is primarily responsible for overseeing the risk management and control function of the Group.

Ms. Wong joined the Group in October 2004 and was appointed as a director of GP Express in April 2013. She was also a director of GP Logistics from October 2004 to January 2017.

Ms. Wong has over 25 years of experience in credit control and risk management. From June 2012 to March 2023, Ms. Wong was the regional risk controller of TBWA Asia Pacific, and has become the director of its credit risk and treasury department since March 2023. Ms. Wong, from September 2004 to February 2012, was the regional credit and collections manager, and from February 2012 to June 2012, the project manager of Underwriters Laboratories, respectively, which is a safety consulting and certification company in the United States of America that maintains offices in 46 countries. She was a group credit controller (Asia Region) in Morgan & Banks (currently known as Hudson Global Resources (HK) Ltd.) from June 2000 to September 2004; a credit controller in JCDcaux Pearl & Dean Limited from August 1999 to June 2000; and a credit control officer with Colliers Jardine (Hong Kong) Limited from March 1997 to August 1999.

Ms. Wong obtained a degree in bachelor of arts from the University of Toronto in 1997. Ms. Wong is the wife of Mr. Chiu Ricky Tong, an executive Director, the Chairman and the CEO.

**Mr. Heung Wai Keung (香港偉強)**, aged 43, was appointed as a non-executive Director in December 2020. He is primarily responsible for supervising the accounting and financial function of the Group.

Mr. Heung has over 21 years of experience in auditing, accounting and financing, and financial management. In September 2017, Mr. Heung co-founded D & PARTNERS CPA LIMITED and has become one of the audit partners of the firm. He provided advisory and consulting services in relation to accountancy issues for companies across various industries. Mr. Heung worked at CHENG & CHENG LIMITED as senior audit manager from December 2016 to August 2017. He started to serve as an auditor at Deloitte Touche Tohmatsu in August 2004 and left as a senior audit manager in November 2016, and was responsible for auditing and providing business advisory services for various listed companies in Hong Kong.

Mr. Heung obtained a degree in bachelor of business administration in accounting from The Hong Kong University of Science and Technology in November 2004. Mr. Heung has been a member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) since January 2008 and a practising member of the HKICPA since May 2017.

# Biographical Details of Directors and Senior Management

## Independent non-executive Directors

**Mr. Tam Ka Hei Raymond (譚家熙)**, aged 45, was appointed as an independent non-executive Director in December 2020.

Mr. Tam has also been appointed as an independent non-executive director of Cornerstone Technologies Holdings Limited (#8391) and TIL Enviro Limited (#1790) since 1 July 2019 and 4 October 2018, respectively and a non-executive director and chairman of the board of Dashan Education Holdings Limited (#9986) since 22 December 2025.

Mr. Tam has over 16 years of experience in corporate finance. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited, a wholly-owned subsidiary of Da Yu Financial Holdings Limited (#1073) and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Mr. Tam obtained degree in bachelor of arts in accounting and finance with computing from the University of Kent, the United Kingdom in July 2002.

**Mr. Ng Hung Fai Myron (吳鴻揮)**, aged 55, was appointed as an independent non-executive Director in December 2020.

Since September 2011, Mr. Ng has been the general manager of Link Asset Management Limited, the manager of Link Real Estate Investment Trust (#823). He was a senior inspector at the Hong Kong Police Force from March 1996 to November 2011.

From June 2018 to April 2020, Mr. Ng was appointed as an independent non-executive director of FSM Holdings Limited (#1721).

Mr. Ng obtained a bachelor of arts from the University of Western Ontario, Canada in June 1995. In December 2003, he obtained a master of arts in Chinese politics and administrative law from the Chinese University of Hong Kong. Mr. Ng further obtained an executive master of business administration from Richard Ivey School of Business in the University of Western Ontario in March 2008. In June 2017, Mr. Ng was awarded a master of science in financial analysis from The Hong Kong University of Science and Technology, and in February 2022 awarded a master of studies in interdisciplinary design for the built environment from the University of Cambridge. Mr. Ng was awarded a fellow membership of CPA Australia in March 2023.

# Biographical Details of Directors and Senior Management

**Mr. Yeung Kwong Wai (楊光偉)**, aged 52, was appointed as an independent non-executive Director in December 2020.

Mr. Yeung has more than 26 years of auditing, accounting, financial management and corporate governance experience. He is a Certified Public Accountant (Practising) of the HKICPA and a member of the American Institute of Certified Public Accountants. He is also a CFA charterholder.

Mr. Yeung is currently a director of Apexlink Secretaries Limited, where he is primarily responsible for providing corporate advisory services and company secretarial services. From July 2016 to December 2017, Mr. Yeung was the company secretary of Nexion Technologies Limited (#8420). He was an independent non-executive director of Dadi International Group Limited (#8130) from September 2015 to March 2018. From March 2010 to June 2014 and July 2015 to May 2021, Mr. Yeung was a director of an accounting firm, CYC CPA Limited and Global Glory CPA Limited, respectively. He joined Capital Environment Holdings Limited (#3989) in November 2005 as an assistant to the chairman, and was appointed as a joint company secretary from August 2007 to July 2008, where he was primarily responsible for the company's business development and corporate governance. From December 1997, he worked at Deloitte Touche Tohmatsu and Ernst & Young in Hong Kong for a total of approximately 5 years, where he was primarily responsible for performing external financial audit for listed and private companies.

## Company Secretary

**Mr. Li Chun Fung (李震鋒)**, aged 44, joined the Group and was appointed as the company secretary of the Company in July 2018.

Mr. Li has been providing corporate services to a variety of Hong Kong listed companies and offshore companies, and has extensive experience in corporate governance and compliance matters. He is currently a director of APEC Corporate Services Limited. He has also been appointed as the company secretary and an executive director of Nan Nan Resources Enterprise Limited (listed on the Main Board of the Stock Exchange, stock code: 1229) since April 2015 and September 2021, respectively, and was an executive director of IAG Holdings Limited (currently known as MaxWin International Holdings Limited) (#8513) between June 2022 and April 2023.

Mr. Li graduated from the Imperial College, the University of London with a master degree in chemical engineering in August 2004. Mr. Li has become a member of HKICPA since October 2014.

# Biographical Details of Directors and Senior Management

## Senior Management

**Mr. Chiu Ricky Tong (趙彤)**, the Chairman and the CEO – see the paragraphs under “Executive Directors” above.

**Mr. Tse Chi Kwan Decky (謝志坤)** – see the paragraphs under “Executive Directors” above.

# Report of the Directors

The Directors hereby present the report of the Directors and the audited consolidated financial statements of the Group for FY2025.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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, which involve arranging shipments 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.

Discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of business and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report and note 1 to the consolidated financial statements in this annual report. Such discussion forms part of this "Report of the Directors".

## SEGMENT INFORMATION

An analysis of the Group's performance for FY2025 by operating segment is set out in note 6 to the consolidated financial statements in this annual report.

## RESULTS AND DIVIDENDS

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss on page 57 of this annual report.

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future business growth. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's financial results and cashflow, Shareholders' interests, general business conditions and strategies, current and future operations, liquidity and capital requirements, taxation considerations, statutory and regulatory restrictions, and any other factors the Board may deem relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and any declaration of final dividend for the year will be subject to the approval of the Shareholders. The payment of dividend is also subject to any restrictions under the Companies Act, Cap. 22 of the Cayman Islands and any other applicable laws, rule and regulations, and the memorandum and articles of association of the Company (the "**Articles**").

The Directors did not recommend the payment of any final dividend for FY2025 to the Shareholders (FY2024: Nil).

# Report of the Directors

## **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five years, as extracted from the consolidated financial statements and the Prospectus, is set out on page 132 of this annual report.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements during FY2025 in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements in this annual report.

## **SHARE CAPITAL**

Details of movements during FY2025 in the share capital of the Company are set out in note 23 to the consolidated financial statements in this annual report.

## **RESERVES**

Details of the movements in the reserves of the Group during FY2025 are set out in the consolidated statement of changes in equity on page 61 of this annual report.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2025, the Company's reserves available for distribution to the Shareholders as calculated in accordance with the applicable laws of the Cayman Islands and the Articles amounted to approximately HK\$25,867,000 (31 December 2024: approximately HK\$27,041,000). The share premium of the Company is available for distribution or paying dividends to the Shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

# Report of the Directors

## RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The Group’s contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. During FY2025, no forfeited contributions were used by the Group to reduce the existing level of contributions.

## EQUITY-LINKED AGREEMENTS

### Placing of New Shares

On 30 December 2025, the Company and Pinestone Securities Limited (the “**Placing Agent**”) entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 60,000,000 new Shares (the “**Placing Shares**”) at the placing price of HK\$0.265 per Share (the “**Placing Price**”) under the general mandate granted to the Board at the annual general meeting held on 29 May 2025 (the “**Placing**”).

On 20 January 2026 and 10 February 2026, the Company and the Placing Agent entered into the supplemental agreements to the Placing Agreement (the “**Supplemental Agreements**”) and change the Placing Price from HK\$0.265 to HK\$0.289 and then to HK\$0.373 per Placing Share.

The Company completed the Placing on 6 March 2026. An aggregate of 7,575,000 Placing Shares have been successfully placed by the Placing Agent to three independent individual placees, namely (i) Ms. Yang Manlin, who is an investor; (ii) Mr. Yeung Sai Kit, who is an investor; and (iii) Ms. Li Yanlin, who is an investor pursuant to the terms and conditions of the Placing Agreement. The Placing Price was determined with reference to the prevailing market price and was negotiated on an arm’s length basis between the Company and the Placing Agent. The closing price per Share on 30 December 2025, 20 January 2026 and 10 February 2026 as quoted on the Stock Exchange was HK\$0.33, HK\$0.46 and HK\$0.465, being the dates of signing of the Placing Agreement and the two supplemental agreements. The aggregate nominal value of the Subscription Shares is HK\$75,750. The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group’s financial position, and enlarge shareholders’ base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising. The gross proceeds and net proceeds (after deducting all applicable costs and expenses) from the Placing amounted to HK\$2.83 million and approximately HK\$2.63 million, respectively. The net price per Placing Share was approximately HK\$0.347. The Company intends to apply the net proceeds for general working capital of the Group, which shall be applied on staff cost, professional fees, rental payments, general administrative and business operating expenses of the Group. As the Placing was not completed by 31 December 2025, there was not any actual usage of the net proceeds yet to be raised. The Company expected that the net proceeds will be utilized by 31 December 2026.

# Report of the Directors

Save as disclosed above, there was no equity-linked agreement being entered into during FY2025 or subsisting at 31 December 2025.

## SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, and has become effective on the listing date (i.e. 13 January 2021) (the “**Listing Date**”), the purpose of which is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, enables the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares: (a) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries (the “**Subsidiaries**”) or any entity (the “**Invested Entity**”) in which the Group holds an equity interest; (b) any non-executive directors (including any independent non-executive directors) of the Company, any Subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the Group, subject to compliance with Chapter 23 of the GEM Listing Rules.

# Report of the Directors

The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10.0% of the Shares in issue on the Listing Date (i.e. not exceeding 30,000,000 Shares, representing approximately 9.75% of the total number of issued Shares as at the latest practicable date (being 25 March 2026) for the purpose of ascertaining certain information contained in this annual report prior to its publication (the “**Latest Practicable Date**”). Unless separately approved by the Shareholders in general meeting (with the relevant eligible participant and such eligible participant’s close associates (with the meaning ascribed thereto under the GEM Listing Rules) (or such eligible participant’s associates if such eligible participant is a connected person of the Company) abstaining from voting), no eligible participant shall be granted a share option if such grant will result in the total number of Shares issued and to be issued in respect of all share options and awards (if any) granted to such eligible participant (excluding any lapsed share options and awards, if any) in the 12-month period up to and including the date of such grant would in aggregate exceed 1.0% of the total number of issued Shares. For the avoidance of doubt, the Company currently does not have any share award scheme. Unless otherwise determined by the Directors and stated in the offer, the grantee of the option is not required to hold an option for any minimum vesting period nor achieve any performance targets before the exercise of an option granted to him. An option may be accepted by a participant within a period of 21 days from the date on which such offer was made.

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share. A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

Unless there is an early termination of the Share Option Scheme pursuant to the rules thereof, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant, subject to early termination of the Share Option Scheme pursuant to the rules thereof. As at the Latest Practicable Date, the remaining life of the Share Option Scheme was approximately five years.

Further details of the Share Option Scheme are set out in Appendix V to the Prospectus. Since the adoption of the Share Option Scheme, no option had been granted under the Share Option Scheme. As at 31 December 2025, the maximum number of Shares underlying all grants to be made pursuant to the Share Option Scheme shall not exceed 30,000,000 Shares, representing 10% of the total number of issued Shares as at 31 December 2025 (31 December 2024: 30,000,000).

# Report of the Directors

## DISCLOSURE OF INTERESTS

### (I) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As at 31 December 2025, 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 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) <sup>(Note 1)</sup>	Approximate Percentage of Shareholding
Mr. Chiu Ricky Tong ("Mr. Chiu")	Interest in controlled corporations <sup>(Note 2)</sup>	225,000,000	75%
Ms. Wong Sheng Ning Candace ("Ms. Wong")	Interest of spouse <sup>(Note 3)</sup>	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.
4. As at 31 December 2025, the total number of Shares in issue was 300,000,000.

Save as disclosed above, as at 31 December 2025, 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.

# Report of the Directors

## (II) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2025, 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) <sup>(Note 1)</sup>	Approximate Percentage of Shareholding
Profit Virtue <sup>(Note 2)</sup>	Beneficial owner	112,500,000	37.5%
Peak Connect <sup>(Note 2)</sup>	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.
3. As at 31 December 2025, the total number of Shares in issue was 300,000,000.

Save as disclosed above, as at 31 December 2025, 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 debenture 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.

# Report of the Directors

## MAJOR CUSTOMERS AND SUPPLIERS

During FY2025, the aggregate revenue attributable to the five largest customers and the largest customer accounted for approximately 50.6% (FY2024: approximately 55.7%) and approximately 14.0% (FY2024: approximately 28.5%), respectively, of the Group's total revenue for FY2025. Purchases from the Group's five largest suppliers and the largest supplier accounted for approximately 81.4% (FY2024: approximately 76.1%) and approximately 39.6% (FY2024: approximately 34.1%), respectively, of the Group's total purchases for FY2025.

So far as the Directors are aware, none of the Directors, or any of their close associates (as defined under the GEM Listing Rules) or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during FY2025.

## DIRECTORS

The Directors during FY2025 and up to the date of this annual report were as follows:

### Executive Directors

Mr. Chiu Ricky Tong (*Chairman and Chief Executive Officer*)

Mr. Tse Chi Kwan Decky

### Non-executive Directors

Mr. Heung Wai Keung

Ms. Wong Sheng Ning Candace

### Independent Non-executive Directors

Mr. Tam Ka Hei Raymond

Mr. Ng Hung Fai Myron

Mr. Yeung Kwong Wai

# Report of the Directors

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND CHANGES IN INFORMATION OF DIRECTORS**

Brief biographical details of the Directors including the changes in the Directors' information (if any) subsequent to the date of release of the interim report 2025 of the Company are included in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

## **DIRECTORS' SERVICE CONTRACTS**

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2025, or at any time during FY2025.

## **CONTROLLING SHRAEHOLDERS' INTERESTS**

No contract of significance had been entered into between the Company or any of its subsidiaries and controlling shareholder or any of its subsidiaries during FY2025. In addition, no contract of significance for the provision of services was entered into between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries.

# Report of the Directors

## EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of Directors and the five highest paid individuals of the Group during FY2025 are set out in notes 11 and 12 to the consolidated financial statements in this annual report.

## EMOLUMENT POLICY

The remuneration committee of the Company (the “**Remuneration Committee**”) is set up for reviewing the Group’s emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group. The remunerations of the Directors are determined by reference to the economic situation, the prevailing market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

## 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 FY2025.

## LEGAL PROCEEDINGS AND COMPLIANCE

To the best knowledge of the Directors, as at 31 December 2025, there were no legal proceedings or claims currently existing, pending or threatened against any member of the Group that the Directors consider would have a material adverse effect on the financial conditions or results of operation of the Group. During FY2025, the Group’s business operations had complied with the applicable laws, rules and regulations in the places where the Group operates in all material respects.

# Report of the Directors

## PRINCIPAL RISKS AND UNCERTAINTIES

The following is a list of major risks and uncertainties that may affect the business, financial condition, results of operations and growth prospects of the Company. However, this list is not exhaustive as there may be other risks and uncertainties resulting from changes in economic condition and operating environment over time:

1. Economic risk: The failure to identify factors relating to macroeconomic conditions against international freight forwarding business may affect the Company's ability to maintain or increase revenue and profitability in a specific business environment; and the failure to formulate strategic plan against global economic slowdown leading to decline in consumption and a slowdown in international trade may have significantly impact on the Company's international freight forwarding businesses, which would materially and adversely affect the financial condition and results of operations of the Group.
2. Sociopolitical risk: The Group's business may be affected by (i) the failure to identify social and political factors within a market environment which may affect the Company's ability to market and sell services; and (ii) the failure to formulate strategy plan against the shifting of outsourced manufacturing activities away from the PRC to other regions or countries with lower production costs, the changes in trade policies, tariff regulations, embargoes or other trade restrictions effected between two or more states, and the termination of the United States of America – Hong Kong international shipping agreement.
3. Sales and pricing risk: The Group may experience difficulty in estimating the fluctuation in demand and supply of cargo spaces from customers and suppliers due to seasonal demand or other events (e.g. outbreak of pandemic), establishing pricing strategy and maintaining overall revenue and net profit growth.
4. Credit and collections risk: The Company's business, operations results and financial condition may be materially and adversely impacted by credit risk of the slow settlement by customers or, failure to collect the trade receivables from customers. Furthermore, any inadequate/ineffective controls imposed to access and monitor the debtor's repayment ability might increase the probability of bad debt of the Company.

For details of other financial risks, please refer to note 30 to the consolidated financial statements in this annual report.

The Group has developed risk management and internal control systems to identify current risks and has undertaken necessary measures to mitigate the risks identified. Details of the Group's risk management and internal control systems are set out in the section headed "Corporate Governance Report" of this annual report.

# Report of the Directors

## KEY RELATIONSHIP WITH THE GROUP'S EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees.

The Group believes that employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. Thus, the Group develops a desirable working environment, provides competitive remuneration packages to attract and motivate the employees, and regularly reviews the remuneration package of the employees and makes necessary adjustments to conform to the market standard. Share options may also be granted for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. For further details of the benefits of the employees, please refer to the section headed "Employees" in this annual report.

The Group also recognizes that it is important to maintain a good and stable relationship with its current and potential customers, suppliers and other stakeholders to achieve its long-term goals and maintain sustainable development of the Group. Accordingly, the Directors and senior management have kept good communication and enhanced cooperation, promptly exchanged ideas and shared business updates with its customers and suppliers and other stakeholders when appropriate.

During FY2025, there was no material and significant dispute between the Group and any of its employees, customers, suppliers and other stakeholders.

## PERMITTED INDEMNITY PROVISIONS

Every Director (whether at present or in the past) shall be entitled under the Articles to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him/her as a Director in the execution or discharge of his/her duty.

The Company has taken out insurance to protect the Directors against the potential costs and liabilities arising from claims brought against the Directors during FY2025.

## CONNECTED AND RELATED PARTY TRANSACTIONS

In FY2025, there were no connected transactions or continuing connected transactions of the Company which require compliance with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Details of material related party transactions undertaken in the usual course of business of the Group are set out in note 27 to the consolidated financial statements in this annual report. However, these transactions were either exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules, or did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

# Report of the Directors

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company had maintained the prescribed public float required by the GEM Listing Rules as at the Latest Practicable Date with details as follows:

	Number of Shares	Approximate %
Profit Virtue	112,500,000	36.58
Peak Connect	112,500,000	36.58
Public	82,575,000	26.84
	<hr/>	
	307,575,000	100.00

Note:

1. 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.

## AUDITOR

Baker Tilly Hong Kong Limited ("**Baker Tilly**") has been appointed as the auditor of the Company since 16 November 2023 to fill the casual vacancy following the resignation of Ernst & Young as the auditor of the Company on 16 November 2023. Save as disclosed above, there were no other changes in the auditor of the Company during the past three years.

The consolidated financial statements for FY2025 have been audited by Baker Tilly, who shall retire in the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

## CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" of this annual report.

# Report of the Directors

## ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is committed to conducting its business in an environmentally conscious manner and minimizing the adverse effects caused by its operations on the environment. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group reviews its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses and enhancing environmental sustainability.

Details of the Group's environmental, social and governance policies and performance during FY2025 are disclosed in the environmental, social and governance report published online at the same time of this annual report.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme as disclosed in the section headed "Share Option Scheme" of this annual report, neither the Company nor any of its subsidiary undertakings was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during, or at the end of, FY2025.

## MANAGEMENT CONTRACTS

No contracts, other than the employment contracts, concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during FY2025.

## REVIEW BY THE AUDIT COMMITTEE

This annual report including the Group's audited consolidated financial statements for FY2025 has been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for FY2025 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

# Report of the Directors

## EVENTS AFTER THE REPORTING PERIOD

Save for the Placing which has been completed on 6 March 2026 as disclosed above, since the end of FY2025 and up to the date of this annual report, there has been no significant event happened that affects the Group.

On behalf of the Board

### **CHIU Ricky Tong**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 25 March 2026

# Corporate Governance Report

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability of the Company. The Directors also recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for financial years commencing from 1 January 2026. All the corporate governance principles and code provisions mentioned in this report refer to those stated in the CG Code before the amendments, not the revised CG Code.

During FY2025, the Company has applied the principles and complied with all applicable code provisions of the CG Code, save and except the deviation as follows:

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the CEO should be separate and should not be performed by the same individual. Both the roles of the Chairman and the CEO are currently performed by Mr. Chiu. The Board believes that having Mr. Chiu acting as both the Chairman and the CEO 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 the business prospects that Mr. Chiu continues to act as both the Chairman and the CEO. 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 (the “**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 Shareholders as a whole to separate the roles of the Chairman and the CEO, 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 best interest 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 the Chairman and the CEO separately.

# Corporate Governance Report

## Corporate Culture

### *“Power of teamwork, people are the passion of Grand Power”*

The Company’s vision is to harness the power of teamwork and recognize the passion of our people. Our culture is shaped by values such as collaboration, integrity, innovation and continuous improvement. This culture influences our business model, purpose and board evaluation. We believe that by fostering a culture that values teamwork and passion amongst employees, we can achieve our strategic objectives.

#### *Impact on Performance:*

We measure success through key performance indicators like revenue growth, profit margins, return on equity and market share. Our desired culture plays a vital role in driving organizational performance. By promoting teamwork and recognizing employee passion, we create an environment that encourages collaboration, innovation and high-performance, leading to sustainable growth and a competitive advantage.

#### *Assessing and Monitoring Culture:*

We use various indicators to assess and monitor our culture, such as employee turnover rate, whistleblowing data, employee surveys, breaches of code of conduct, and regulatory compliance. These indicators help us to identify cultural issues, allowing us to take corrective actions and ensure alignment with our desired culture.

#### *Communication of Desired Culture:*

We communicate our desired culture and expected behaviors to employees through town halls, employee forums and a comprehensive code of conduct. These channels facilitate open dialogue, provide updates on our culture and values, and guide employees in promoting our desired culture.

#### *Dealing with Misconduct or Misalignment:*

We provide dedicated forums for employees to share concerns about misconduct or misalignment. These forums include anonymous reporting mechanisms, open-door policies, and regular feedback sessions. We thoroughly investigate all concerns raised and take appropriate actions in line with our values and code of conduct.

#### *Financial and Non-Financial Incentives:*

We offer financial and non-financial incentives that support our desired culture, such as performance-based bonuses, recognition programs, professional development opportunities, and a supportive work environment that promotes work-life balance and employee well-being.

# Corporate Governance Report

## *Board Evaluations:*

We conduct regular board evaluations to assess governance practices and the alignment of our culture with strategic objectives. These evaluations provide insights for improvement. A summary of board evaluations, including key findings and actions taken, is communicated to stakeholders for transparency and accountability.

In summary, the Company's corporate culture emphasizes teamwork and values employee passion. Our culture influences our performance and is assessed through various indicators. We communicate our culture through different channels, address misconduct, and provide incentives that support our desired culture. Board evaluations help us improve governance practices and align our culture with strategic objectives.

## **BOARD OF DIRECTORS**

The Board is responsible for promoting the success of the Company by formulating overall business strategies and overseeing business, operation and risk management of the Group, as well as managing and supervising the accounting and financial functions of the Group. The management is delegated with responsibility and authority by the Board for management of the day-to-day operation and administration of the Group. The management will provide a balanced and understandable assessment of the business performance, recent development and prospect of the Group on a regular basis.

The Board is the ultimate decision-making body for all matters considered material to the Group, and it is directly, and indirectly through various Board Committees, responsible for performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (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 (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

The Board has also delegated various responsibilities to the Board Committees. Further details of the Board Committees are set out below in this annual report.

# Corporate Governance Report

## COMPOSITION OF THE BOARD

The composition of the Board during FY2025 and up to the date of this annual report is set out below:

### Executive Directors

Mr. Chiu Ricky Tong (*Chairman and Chief Executive Officer*)

Mr. Tse Chi Kwan Decky

### Non-executive Directors

Mr. Heung Wai Keung

Ms. Wong Sheng Ning Candace

### Independent non-executive Directors

Mr. Tam Ka Hei Raymond

Mr. Ng Hung Fai Myron

Mr. Yeung Kwong Wai

Save as disclosed in the section headed “Biographical Details of Directors and Senior Management” of this annual report, to the best knowledge of the Board, there were no other financial, business, family and other material/relevant relationships among the members of the Board as at the date of this annual report.

During FY2025, the Board at all times met Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers that as at the date of this annual report, all of the independent non-executive Directors were independent in accordance with Rule 5.09 of the GEM Listing Rules.

# Corporate Governance Report

## DIVERSITY

### Board diversity

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach of which the Board could achieve and maintain a high level of diversity. The Company recognizes the benefits of having a diversified Board, as such the Group will ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group’s business strategies and sustainable development.

Pursuant to the Board Diversity Policy, the Group seeks to achieve Board diversity by setting measurable objectives, including age, skills, know-how, regional and industry experience, background, race, gender, other qualities, etc. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Board currently comprises seven members, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors obtained diplomas or degrees in various disciplines, including social studies, arts, business administration and accounting and finance. They also have a balanced mix of professional experience and industry background in logistics, credit control, risk management, corporate finance and accounting. The Group has also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. In particular, one of the existing Board members of the Company is female, bringing the female representation to about 14% of the Board.

The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

# Corporate Governance Report

Details of the current members of the Board are set out as follows:

<b>Gender</b>	<b>Male</b>	<b>Female</b>
	6	1
<b>Nationality</b>		<b>Chinese</b>
		7
<b>Age group</b>	<b>40-49</b>	<b>50-59</b>
	2	5
<b>Length of service</b>	<b>5 years or below</b>	<b>6-10 years</b>
	4	3

## Diversity in general

As to diversity in respect of all employees, in FY2025, the Group had 34 full-time employees, of which 20 were male and 14 were female. The gender ratio in the workforce (including senior management) was approximately 1 male to 0.7 females.

Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

# Corporate Governance Report

## BOARD PROCESS AND MEETINGS

The Board adopted the practice of holding meetings regularly, at least four times a year, and at approximately quarterly intervals.

At least 14 days' notice of a Board meeting will be given to all Directors to provide an opportunity to attend and include matters for discussion in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice will be given by the Company. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. The Board's procedures comply with the Articles, as well as relevant rules and regulations.

Minutes of Board meetings and Board Committee meetings shall record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes shall be sent to all Directors for their comment and records, respectively, within a reasonable time after the Board meeting is held. Minutes of Board meetings and Board Committee meetings are kept by the company secretary of the Company and are available for inspection by the Directors at any reasonable time on reasonable notice. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company.

### Attendance/No. of meetings held during FY2025

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Financial Reporting Committee	Annual General Meeting
<b>Executive Directors</b>						
Mr. Chiu Ricky Tong	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Tse Chi Kwan Decky	4/4	N/A	N/A	N/A	N/A	1/1
<b>Non-executive Directors</b>						
Mr. Heung Wai Keung	4/4	N/A	N/A	N/A	4/4	1/1
Ms. Wong Sheng Ning Candace	4/4	N/A	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>						
Mr. Tam Ka Hei Raymond	4/4	4/4	1/1	2/2	4/4	1/1
Mr. Ng Hung Fai Myron	4/4	4/4	1/1	2/2	4/4	1/1
Mr. Yeung Kwong Wai	4/4	4/4	1/1	2/2	4/4	1/1

# Corporate Governance Report

During FY2025, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had put in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular quarterly meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors, providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

## TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service contract with the Company and each of the non-executive Directors and independent non-executive Directors signed a letter of appointment. The said service contracts and letters of appointment are for an initial term of three years commencing from the Listing Date, subject to re-election in accordance with the Articles and termination in accordance with their respective terms.

Pursuant to article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Article 84(2) of the Articles provides that a retiring Director shall be eligible for re-election.

As such, Mr. Tse Chi Kwan Decky, Mr. Ng Hung Fai Myron, Mr. Yeung Kwong Wai will retire from office as Directors and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company in accordance with the Articles.

# Corporate Governance Report

## 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 5.46 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/her 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/she 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 FY2025. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during FY2025.

## DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors’ responsibilities and obligations under the GEM Listing Rules, the SFO and other relevant regulatory requirements.

The Group acknowledges the importance of continuing professional development for the Directors for the enhancement of corporate governance and internal control system. In this regard and in compliance with code provision C.1.4 of the CG Code, the Group shall arrange and fund suitable training for all Directors to participate in continuous professional development organized in the form of in-house trainings and seminars so as to keep them refreshed of their knowledge and skills and understanding of the Group’s business and to update their skills and knowledge on the latest development and changes in the roles, functions and duties of a listed company director, as well as the relevant statutes, the GEM Listing Rules and corporate governance practices.

According to the records kept by the Company, each of the Directors, namely Mr. Chiu Ricky Tong, Mr. Tse Chi Kwan Decky, Ms. Wong Sheng Ning Candace, Mr. Heung Wai Keung, Mr. Tam Ka Hei Raymond, Mr. Ng Hung Fai Myron and Mr. Yeung Kwong Wai had attended seminars and/or trainings that are relevant to the Directors’ professional knowledge and skills and in performing their duties and responsibilities as Directors. Each Director keeps abreast of his/her responsibility as a Director and of the conduct, business activities and development of the Company.

## BOARD COMMITTEES

The Board established four Board Committees, namely the Audit Committee, the Remuneration Committee, the nomination committee of the Company (the “**Nomination Committee**”) and the financial reporting committee of the Company (the “**Financial Reporting Committee**”) for overseeing particular aspects of the Group’s affairs. All Board Committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.grandpowerexpress.com](http://www.grandpowerexpress.com)).

# Corporate Governance Report

## Audit Committee

The Audit Committee was established in compliance with Rule 5.28 of the GEM Listing Rules with written terms of reference in compliance with code provision D.3.3 of the CG Code. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yeung Kwong Wai (chairman), Mr. Tam Ka Hei Raymond and Mr. Ng Hung Fai Myron.

The Audit Committee held four meetings during FY2025. Individual attendance records of each member of the Audit Committee are set out on page 39 of this annual report.

Summary of the work performed by the Audit Committee during FY2025:

- reviewed the audited consolidated financial statements, annual results announcement and the annual report for FY2024;
- reviewed the unaudited condensed consolidated financial statements and interim report for the six months ended 2025;
- reviewed the financial reporting system, the risk management and internal control systems, and the effectiveness of the internal audit function;
- assessed the audit work of the auditor and its audit fee;
- made recommendations to the Board on the change of auditor of the Company; and
- discussed with the auditor of the Company the audit matters before the commencement of the audit work.

## Remuneration Committee

The Remuneration Committee was established in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with code provision E.1.2 of the CG Code. Among other things, the primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Tam Ka Hei Raymond (chairman), Mr. Ng Hung Fai Myron and Mr. Yeung Kwong Wai.

# Corporate Governance Report

The Remuneration Committee held one meeting during FY2025. Individual attendance records of each member of the Remuneration Committee are set out on page 39 of this annual report.

Summary of the work performed by the Remuneration Committee during FY2025:

- discussed the remuneration of the Directors;
- assessed performance of executive Directors and approving the terms of executive Directors' service contracts;
- reviewed and made recommendations to the Board on the remuneration policy and structure for all Directors and senior management; and
- reviewed and made recommendations to the Board on the remuneration packages of individual Directors and senior management (i.e. code provision E.1.2(c)(ii) of the CG Code was adopted).

Details of the remuneration payable to each Director for FY2025 are set out in note 11 to the consolidated financial statements in this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management (comprising the executive Directors) by band for FY2025 is set out below:

<b>Emolument bands</b>	<b>No. of individuals</b>
HK\$2,000,001 to HK\$2,500,000	1
HK\$3,000,001 to HK\$3,500,000	1

# Corporate Governance Report

## Nomination Committee

The Nomination Committee was established with terms of reference in compliance with code provision B.3.1 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of three independent non-executive Directors and one non-executive Director, namely Mr. Ng Hung Fai Myron (chairman), Ms. Wong Sheng Ning Candace, Mr. Tam Ka Hei Raymond and Mr. Yeung Kwong Wai.

To ensure that the Board maintains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, and to enhance the nomination process for a Director candidate, a nomination policy was adopted as a guidance on the selection process and board succession planning. The Nomination Committee utilizes various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. The evaluation of Director candidates may include review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks, etc. In addition, the Nomination Committee will consider Director candidates, including incumbents and candidates nominated by the Shareholders, properly submitted by the Shareholders. The Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, gender diversity, etc., that can add to and complement the range of skills, experience and background of existing Directors, and considers the following qualifications are the minimum to be required of a Director candidate in recommendation to the Board, or the continued service of an existing Director:

- the highest personal, professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- independence as required under the GEM Listing Rules.

The Board and the Nomination Committee will also make reference to the Board Diversity Policy, details of which are set out in the section headed "Board diversity" above.

# Corporate Governance Report

The Nomination Committee held two meetings during FY2025. Individual attendance records of each member of the Nomination Committee are set out on page 39 of this annual report.

Summary of the work performed by the Nomination Committee during FY2025:

- reviewed the structure, size, composition and diversity of the Board, and the Board Diversity Policy;
- reviewed the nomination policy and procedures for directorship during FY2025;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on relevant matters relating to the re-election of Directors.

## Financial Reporting Committee

The primary duties of the Financial Reporting Committee are to oversee the Group's financial reporting system, risk management and internal control systems and review the Group's financial information and application of accounting policies. The Financial Reporting Committee consists of four members, Mr. Yeung Kwong Wai (chairman), Mr. Ng Hung Fai Myron, Mr. Tam Ka Hei Raymond and Mr. Heung Wai Keung.

The Financial Reporting Committee held four meetings during FY2025, in order to review the financial results for FY2024, monitor the integrity of the Company's financial statements and annual report and review significant financial reporting judgments contained in them, as well as review the Company's financial controls, risk management and internal control systems, and the interim results of 2025.

## COMPANY SECRETARY

The company secretary of the Company is responsible for advising the Board on corporate governance matters and maintaining minutes recorded in sufficient details of all the meetings of the Board and the Board Committees. All Directors have access to the advice and services of the company secretary of the Company to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Li Chun Fung was appointed as the company secretary of the Company on 20 July 2018. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report for his biographical information.

Mr. Li confirmed that he has complied with Rule 5.15 of the GEM Listing Rules by taking no less than 15 hours of relevant professional training during FY2025.

# Corporate Governance Report

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that appropriate accounting policies should be selected and applied consistently. As at 31 December 2025, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements of the Group.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Company recognizes the importance of good internal control procedure. In order to ensure compliance with applicable laws and regulations and related policies in different operational aspects, the Group has established and adopted an internal control system, covering areas such as, among other things (i) financial reporting; (ii) credit risk and cashflow mismatch; (iii) procurement and accounts payable; and (iv) human resources management.

The Board has acknowledged that it has the overall responsibility for the risk management and internal control systems and reviewing their effectiveness. The Group has an internal audit function which conducts reviews on the adequacy and effectiveness of the risk management and internal control systems of the Group. Such review is conducted annually and cycles reviewed are under rotation basis. During FY2025, the Company engaged an external independent internal control consultant to conduct a review on the effectiveness of the Group's risk management and internal control systems. The Group has implemented the recommendations from the independent internal control consultant to improve and enhance the Group's risk management and internal control systems. The independent internal control consultant also performed a follow-up review on the status of the Group's actions and reported that the deficiencies identified in the FY2024 review have been remedied. As confirmed from the management of the Group, the Board believes that the internal control and the risk management measures implemented by the Group were adequate and effective, and could effectively ensure proper risk management and internal control systems of the Group. Nonetheless, the internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

To strengthen the Group's internal control and ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules), the Group has adopted the following additional internal control measures and processes:

- the Board will continuously monitor, evaluate and review the Group's internal risk management and control systems to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance the Group's risk management and internal control systems as appropriate;

# Corporate Governance Report

- the Group will regularly assess the credit rating of its customers and make amendments to their credit period and payment terms in accordance with the Group's assessment to minimise the risk of customer default and cashflow mismatch;
- the Group's management will continue to monitor the price change of cargo spaces in the market and frequently compare the purchase costs of the cargo spaces the Group sources from its suppliers against the prevailing market rates in order to maintain its price competitiveness;
- if necessary, the Group may consider arranging its Directors, members of senior management and relevant employees to attend trainings on the legal and regulatory requirements applicable to the Group's business operations from time to time; and
- the Group has appointed external legal advisers to advise it on matters relating to compliance with the GEM Listing Rules and if necessary, seek advice on the applicable laws and regulations in places of the Group's business operations.

The Audit Committee and the Financial Reporting Committee are also accountable for, and will review, the Company's financial controls, risk management and internal control systems on a regular basis.

## WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

## ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

## INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company has developed a policy on disclosure of inside information which provides guidelines and procedures to the Directors, senior management and employees of the Company in evaluating and handling confidential information and monitoring information disclosure. Internal control measures have been implemented to ensure that the procedures for the handling and disclosure of inside information are in compliance with the continuous disclosure obligations under the GEM Listing Rules and the disclosure of inside information requirements under the SFO.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

For FY2025, the fees paid or payable in respect of the audit and non-audit services provided by the auditors of the Group, were as follows:

<b>Nature of services</b>	<b>Amount</b> <i>HK\$'000</i>
Audit services	750
Non-audit services ( <i>Note</i> )	107
<hr/>	
Total	857

*Note:* The non-audit services included the provision of tax compliance services.

## SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

### Procedures and Right for Shareholders to Convene Extraordinary General Meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles, and the applicable legislation and regulations, in particular the GEM Listing Rules:

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may make reference to article 58 of the Articles for further details.

# Corporate Governance Report

## Procedures for Shareholders to Propose a Person for Election as a Director of the Company

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with the appointment or election of Director(s), wishes to propose a person for election as a Director at that meeting, he/she may lodge a written notice at the Company's principal place of business in Hong Kong at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong for the attention of the company secretary of the Company. Detailed procedures for Shareholders to propose a person for election as a Director can be found on the Company's website ([www.grandpowerexpress.com](http://www.grandpowerexpress.com)).

## Communication with Shareholders

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its Shareholders.

The Company has adopted its Shareholders' communication policy (the "**Shareholders' Communication Policy**") on 11 December 2020 reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims to provide Shareholders and the investment community (including the Company's potential investors as well as analysts reporting and analysing the Company's performance) with information about the Company and enabling them to engage actively with the Company and exercise their rights as Shareholders in an informed manner.

In order to ensure timely, transparent and accurate communications between the Shareholders and the Company, the Shareholders' Communication Policy sets out various communication channels including, amongst others, the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, half-year reports, quarterly reports (if any), notices of meeting, circulars, proxy forms (the "**Corporate Communication(s)**"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of holders of any of its securities, including announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns; (iii) constitutional documents of the Company and Board Committees; (iv) corporate information including list of Directors; and (v) other Corporate Communications which are published on the Company's website, including the procedures Shareholders can use to propose a person for election as a Director.

These channels allow the Company to communicate with and receive feedback from the Shareholders and investment community effectively. In addition, Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any queries in respect of the Company.

# Corporate Governance Report

The Board is responsible for regularly reviewing the effectiveness of the Shareholders' Communication Policy, and it was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy in FY2025, as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company. The Company had complied with the principles and required practices as set out in the policy as described above during FY2025.

The latest news and updates of the Group's business and operation are also available on the Company's website ([www.grandpowerexpress.com](http://www.grandpowerexpress.com)).

## **Procedures for Shareholders to Send Enquiries to the Board**

Shareholders may send written enquiries to the Company for the attention of the company secretary of the Company at the Company's principal place of business in Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

## **Putting forward Proposals at Shareholders' meetings**

A Shareholder shall make a written requisition to the Board or the company secretary of the Company at its principal place of business in Hong Kong at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at Shareholders' meetings regarding any specified transaction/business and its supporting documents.

## **CONSTITUTIONAL DOCUMENTS**

A copy of the second amended and restated memorandum and articles of association of the Company (the "M&A") is posted on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.grandpowerexpress.com](http://www.grandpowerexpress.com)).

There were no changes to the M&A in FY2025.

# Independent Auditor's Report



To the shareholders of

**Grand Power Logistics Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## **OPINION**

We have audited the consolidated financial statements of Grand Power Logistics Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 57 to 131, which comprise the consolidated statement of financial position as at 31 December 2025, and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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.

# Independent Auditor's Report

## 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.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Loss allowances for expected credit loss ("ECL") of trade receivables</i></b></p> <p>As at 31 December 2025, the Group had trade receivables of HK\$130,219,000 after providing an ECL allowance of HK\$1,596,000.</p> <p>In determining the ECL for trade receivables, the management of the Group assessed its trade receivables individually, for balances significantly increased in credit risk and credit-impaired, and/or collectively based on the aging grouping of trade receivables. Credit risk significantly increased and/or credit-impaired trade receivables balances are assessed individually by considering the ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical default rates over the expected life of the debtors and reasonable and supportable forward-looking information that is available without undue costs or effort. For the remaining trade receivables assessed collectively, the grouping is based on the debtor's credit risk characteristic, taking into consideration the Group's historical default rates and reasonable and supportable forward-looking information that is available without undue cost or effort. At each reporting date, historical default rates are reassessed and changes in forward-looking information are considered. The Group engaged an independent professional valuer to provide valuation in this regard. The impairment of trade receivables is estimated by management through the application of judgement and use of highly subjective assumptions.</p> <p>The disclosures of the trade receivables and their impairment are included in notes 16 and 30 to the consolidated financial statements, respectively.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>(a) obtaining an understanding over credit risk assessment and management's process on reviewing the recoverability of trade receivables;</li><li>(b) evaluating the independent professional valuer's competence, capabilities and objectivity;</li><li>(c) assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year;</li><li>(d) testing, on a sample basis, the accuracy of ageing categories of trade receivables to the relevant supporting documents; and</li><li>(e) performing a retrospective review by comparing the loss allowance estimates recorded in prior periods to the actual credit losses incurred in subsequent periods.</li></ul>

# Independent Auditor's Report

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Impairment of property, plant and equipment (including right-of-use assets)</i></b></p> <p>As at 31 December 2025, the Group had property, plant and equipment of HK\$26,083,000 which were stated at cost less accumulated depreciation and impairment losses.</p> <p>The Group's management performed impairment assessment of property, plant and equipment by estimating their recoverable amounts based on the value in use. Impairment loss of HK\$2,438,000 has been recognised in profit or loss during the year to reduce the carrying amounts of certain property, plant and equipment to their estimated recoverable amounts. The value in use calculation is using the discounted cash flow method which involved significant judgements and assumptions, including the expected future cash flow forecast, associated growth rates and discount rate applied. The estimation process is inherently subjective and dependent on assumptions.</p> <p>The disclosures of the property, plant and equipment and their impairment are included in note 15 to the consolidated financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>(a) obtaining an understanding of the management's process and basis adopted in preparing the value in use calculations of the cash-generating units, including key inputs;</li><li>(b) comparing the budgeted revenue and gross profit margin against historical performance; recent sales transactions and the management's budget;</li><li>(c) evaluating the appropriateness of assumption of pre-tax discount rate used in determining the recoverable amounts;</li><li>(d) evaluating the reasonableness of the growth rate applied by the management of the Group by comparing to historical performance and relevant operation plans;</li><li>(e) comparing the actual results for the current year with management's forecasts prepared in the prior year to assess the historical accuracy of management's forecasting process; making enquiries of management as to the reasons for any significant variations identified and considering whether these had been taken into account in the current year's forecasts; and</li><li>(f) assessing the sensitivity analysis prepared by the management on the significant assumptions to evaluate the extent of impact of these assumptions on the cash flow forecasts.</li></ul>

# Independent Auditor's Report

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the 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.

Those charged with governance are responsible 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 solely to you, as a body, 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 HKSA's 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.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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 director on the audit resulting in this independent auditor's report is Chan Ka Kit.

### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 25 March 2026

Chan Ka Kit

Practising certificate number P08291

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	5	<b>723,607</b>	1,058,172
Cost of services		<b>(723,791)</b>	(1,018,437)
<b>Gross (loss)/profit</b>		<b>(184)</b>	39,735
Other income and other gains and losses	7	<b>234</b>	1,408
Administrative and other operating expenses		<b>(40,331)</b>	(40,152)
Reversal of impairment losses/(impairment losses) on trade receivables	30	<b>2,052</b>	(1,538)
Impairment losses on property, plant and equipment	15	<b>(2,438)</b>	–
Finance costs	8	<b>(3,428)</b>	(3,529)
<b>Loss before tax</b>		<b>(44,095)</b>	(4,076)
Income tax (expense)/credit	9	<b>(851)</b>	421
<b>Loss for the year</b>		<b>(44,946)</b>	(3,655)
<b>Loss per share</b>		<b>HK cents</b>	<b>HK cents</b>
– Basic	14	<b>(14.98)</b>	(1.22)

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>Loss for the year</b>	<b>(44,946)</b>	(3,655)
<b>Other comprehensive expense:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>(644)</b>	(4,108)
<b>Total comprehensive expense for the year</b>	<b>(45,590)</b>	(7,763)

# Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	26,083	29,417
Deferred tax assets	22	–	842
Other receivables	16	83	–
		<b>26,166</b>	30,259
<b>Current assets</b>			
Trade and other receivables	16	133,097	203,853
Tax recoverable		–	15
Pledged bank deposits	17	35,823	35,212
Cash and bank balances	17	39,084	31,263
		<b>208,004</b>	270,343
<b>Current liabilities</b>			
Trade and other payables	18	92,424	125,404
Interest-bearing borrowings	19	58,888	46,884
Lease liabilities	20	929	741
Deferred income	21	–	370
Total current liabilities		<b>152,241</b>	173,399
<b>Net current assets</b>		<b>55,763</b>	96,944
<b>Total assets less current liabilities</b>		<b>81,929</b>	127,203
<b>Non-current liability</b>			
Lease liabilities	20	864	548
Total non-current liability		<b>864</b>	548
<b>Net assets</b>		<b>81,065</b>	126,655

# Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Equity</b>			
Share capital	23	3,000	3,000
Reserves	24	78,065	123,655
<b>Total equity</b>		<b>81,065</b>	126,655

The consolidated financial statements on pages 57 to 131 were approved and authorised for issue by the board of directors on 25 March 2026 and are signed on its behalf by:

**Chiu Ricky Tong**  
Director

**Tse Chi Kwan Decky**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Share capital HK\$'000 (note 23)	Share premium HK\$'000 (note 24(a))	Capital reserve HK\$'000 (note 24(b))	Exchange fluctuation reserve HK\$'000 (note 24(c))	Statutory reserve HK\$'000 (note 24(d))	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	3,000	35,986	97,438	(2,177)	110	61	134,418
Loss for the year	-	-	-	-	-	(3,655)	(3,655)
<b>Other comprehensive expense for the year:</b>							
Exchange differences on translation of foreign operations	-	-	-	(4,108)	-	-	(4,108)
<b>Total comprehensive expense for the year</b>	-	-	-	(4,108)	-	(3,655)	(7,763)
<b>At 31 December 2024 and 1 January 2025</b>	3,000	35,986	97,438	(6,285)	110	(3,594)	126,655
Loss for the year	-	-	-	-	-	(44,946)	(44,946)
<b>Other comprehensive expense for the year:</b>							
Exchange differences on translation of foreign operations	-	-	-	(644)	-	-	(644)
<b>Total comprehensive expense for the year</b>	-	-	-	(644)	-	-	(644)
<b>At 31 December 2025</b>	3,000	35,986	97,438	(6,929)	110	(48,540)	81,065

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before tax		(44,095)	(4,076)
Adjustments for:			
Interest income	7	(122)	(278)
Gain on early termination of lease	7	(3)	(990)
Finance costs	8	3,428	3,529
Depreciation	10	2,302	2,139
(Reversal of impairment loss)/impairment loss on trade receivables, net	30	(2,052)	1,538
Loss on disposal of property, plant and equipment	7	17	–
Impairment loss on property, plant and equipment	15	2,438	–
Operating cash flows before movements in working capital		(38,087)	1,862
Decrease in trade and other receivables		73,747	13,365
Decrease in trade and other payables		(25,966)	(2,265)
Decrease in deferred income		(370)	(117)
Cash generated from operations		9,324	12,845
Hong Kong profits tax refunded		15	4,444
People's Republic of China ("PRC")			
Enterprise Income Tax paid		–	(84)
Interest paid		(3,428)	(3,529)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>5,911</b>	<b>13,676</b>
<b>INVESTING ACTIVITIES</b>			
Withdrawal of pledged bank deposits		–	74
Placement of pledged bank deposits		(611)	(5,065)
Interest received		122	278
Purchase of property, plant and equipment	15	–	(7)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(489)</b>	<b>(4,720)</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>FINANCING ACTIVITIES</b>			
Drawdown of interest-bearing borrowings	26(b)	<b>56,368</b>	55,229
Repayment of interest-bearing borrowings	26(b)	<b>(44,403)</b>	(61,829)
Repayment of lease liabilities	26(b)	<b>(915)</b>	(981)
(Repayment to)/advance from a director	26(b)	<b>(7,100)</b>	7,100
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>3,950</b>	(481)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>9,372</b>	8,475
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>31,263</b>	25,911
Effect of foreign exchange rate changes		<b>(1,551)</b>	(3,123)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>39,084</b>	31,263
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>39,084</b>	31,263

# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

Grand Power Logistics Group Limited (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 of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 January 2021. 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.

Each of Profit Virtue Worldwide Limited (“Profit Virtue”) and Peak Connect International Limited (“Peak Connect”) holds 37.5% equity interests in the Company. Profit Virtue, incorporated in the British Virgin Islands (“BVI”), is wholly owned by Mr. Chiu Ricky Tong, whereas Peak Connect, incorporated in the BVI, is owned as to 92.32% and 7.68% by Mr. Chiu Ricky Tong and his spouse, Ms. Wong Sheng Ning Candace.

The Company is an investment holding company. Details of the principal activities of the subsidiaries are set out in note 28.

The presentation and functional currency of the Company is Hong Kong dollars (“HK\$”).

## 2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### 2.1 Amendments to HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
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The application of the amendments to HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

### 2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11<sup>2</sup></i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### ***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 “Leases” (“HKFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information

#### ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### ***Revenue recognition***

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from the provision of freight forwarding is recognised over time, which is measured based on the actual service provided to date as a proportion of the total services to be provided, because the customer simultaneously receives and consumes the benefits provided by the Group.

##### *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases** *(Continued)*

##### *The Group as a lessee (Continued)*

##### Right-of-use assets *(Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases** *(Continued)*

##### *The Group as a lessee (Continued)*

##### Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modification”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases** *(Continued)*

##### *The Group as a lessee (Continued)*

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Foreign currencies***

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Borrowing costs***

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### ***Government grants***

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income and other gains and losses".

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Employee benefits***

##### *Retirement benefit costs*

Payments to Mandatory Provident Fund Scheme (“MPF Scheme”) and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

For Long Service Payment (“LSP”) obligation, the Group accounts for the employer Mandatory Provident Fund (“MPF”) contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group’s MPF contributions that have been vested with employees and would be used to offset the employee’s LSP benefits, which are deemed to be contributions from the relevant employees.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The Group’s contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

##### *Short-term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Employee benefits** *(Continued)*

##### *Short-term and other long-term employee benefits (Continued)*

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

#### **Taxation**

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Taxation** *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Property, plant and equipment***

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in note 15. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as owned assets.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### ***Impairment on property, plant and equipment (including right-of-use assets)***

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets), to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Impairment on property, plant and equipment (including right-of-use assets)*** *(Continued)*

The recoverable amount of property, plant and equipment (including right-of-use assets) are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Impairment on property, plant and equipment (including right-of-use assets)*** *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### ***Cash and cash equivalents***

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Financial instruments*** *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### ***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

##### *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk *(Continued)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

#### (iii) Credit-impaired financial assets *(Continued)*

- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial assets** *(Continued)*

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities at amortised cost*

All financial liabilities, including trade and other payables, lease liabilities and interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

# Notes to the Consolidated Financial Statements

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Financial liabilities and equity*** *(Continued)*

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### ***Offsetting a financial asset and a financial liability***

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Notes to the Consolidated Financial Statements

## 4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### **Provision for ECLs on trade receivables**

The ECL on trade receivables are assessed individually, for balances significantly increased in credit risk and credit-impaired balances, and/or collectively based on the credit characteristics of the remaining trade receivables. Balances significantly increased in credit risk and/or credit-impaired trade receivables balances are assessed individually by considering the credit characteristics, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical default rates over the expected life of the debtors and reasonable and supportable forward-looking information that is available without undue costs or effort. For trade receivables assessed collectively, the grouping is based on the debtor's credit risk characteristic, taking into consideration the Group's historical default rates and reasonable and supportable forward-looking information that is available without undue cost or effort. At each reporting date, historical default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in notes 16 and 30, respectively.

As at 31 December 2025, the carrying amount of trade receivables is HK\$130,219,000 (2024: HK\$201,444,000), net of allowance for ECL of HK\$1,596,000 (2024: HK\$3,610,000).

### **Estimated impairment of property, plant and equipment (including right-of-use assets)**

Property, plant and equipment (including right-of-use assets) are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flow projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the international conflicts and tensions/volatility in fuel price or commodity markets may progress and evolve.

# Notes to the Consolidated Financial Statements

## 4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### **Estimated impairment of property, plant and equipment (including right-of-use assets)** *(Continued)*

As at 31 December 2025, the carrying amounts of property, plant and equipment (including right-of-use assets) are HK\$26,083,000 (2024: HK\$29,417,000). The recoverable amounts of the property, plant and equipment (including right-of-use assets) have been determined by the management of the Group using the value in use. The value in use calculations are based on the discounted cash flow projections based on management's expectations on the market development and the past performance, where the key input parameters include forecasted revenue, gross margins, growth rates and discount rates. During the year ended 31 December 2025, impairment losses of HK\$2,438,000 (2024: nil) on property, plant and equipment (including right-of-use assets) were recognised in profit or loss.

### **Deferred tax asset**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised, and is measured at the tax rates that are expected to apply when the related deferred income tax assets are realised. In determining the deferred tax assets to be recognised, management is required to estimate the future applicable tax rate for each entity within the Group at each tax jurisdiction and the profitability of each entity, so as to estimate the future utilisation of tax losses. Any difference between these estimates and the actual outcome will impact the Group's results in the period in which the actual outcome is determined. As at 31 December 2025, the carrying amount of deferred tax assets amounted to approximately HK\$Nil (2024: HK\$842,000). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

# Notes to the Consolidated Financial Statements

## 5 REVENUE

An analysis of revenue is as follows:

### (a) Disaggregation of revenue from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Timing of revenue recognition:		
– Over time		
Air-freight forwarding services	716,689	1,045,017
Ocean-freight forwarding services	6,918	13,155
	<hr/> 723,607	<hr/> 1,058,172

### (b) Performance obligations for contracts with customers

Information about the Group's performance obligations is summarised below:

#### *Provision of freight forwarding services*

The performance obligation is satisfied over time as services are rendered and payment is generally due up to 90 days from the invoice date.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the provision of freight forwarding services are part of the contracts that have an original expected duration of one year or less.

## 6 OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focused on the business units of the Group. The Group is organised into business units based on their services and has two reportable operating segments 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.

# Notes to the Consolidated Financial Statements

## 6 OPERATING SEGMENT INFORMATION (Continued)

The CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income and other gains and losses, administration and other operating expenses, reversal of impairment losses/(impairment losses) on trade receivables, impairment losses on property, plant and equipment and finance costs are excluded from such measurement.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

	<b>Air-freight forwarding HK\$'000</b>	<b>Ocean- freight forwarding HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2025</b>			
<b>Revenue</b>			
Export	716,688	6,786	723,474
Import	1	132	133
<b>Segment revenue</b>	<b>716,689</b>	<b>6,918</b>	<b>723,607</b>
<b>Segment results</b>	<b>(414)</b>	<b>230</b>	<b>(184)</b>
Reconciliation:			
Other income and other gains and losses			234
Administrative and other operating expenses			(40,331)
Reversal of impairment losses on trade receivables			2,052
Impairment losses on property, plant and equipment			(2,438)
Finance costs			(3,428)
Loss before tax			(44,095)

# Notes to the Consolidated Financial Statements

## 6 OPERATING SEGMENT INFORMATION (Continued)

	Air-freight forwarding HK\$'000	Ocean- freight forwarding HK\$'000	Total HK\$'000
Year ended 31 December 2024			
<b>Revenue</b>			
Export	1,044,939	12,676	1,057,615
Import	78	479	557
<b>Segment revenue</b>	<b>1,045,017</b>	<b>13,155</b>	<b>1,058,172</b>
<b>Segment results</b>	<b>39,339</b>	<b>396</b>	<b>39,735</b>
Reconciliation:			
Other income and other gains and losses			1,408
Administrative and other operating expenses			(40,152)
Impairment losses on trade receivables			(1,538)
Finance costs			(3,529)
Loss before tax			(4,076)

### Geographical information

The following table sets out information about the geographical location of (a) the Group's revenue from external customers and (b) the Group's property, plant and equipment (including right-of-use assets) (the "Specified Non-current Assets"). The geographical location of the revenue is presented based on the export shipments by destination and import shipments by origin. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

# Notes to the Consolidated Financial Statements

## 6 OPERATING SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

#### (a) Location of revenue

Revenue generated from export shipments by destination

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Europe	<b>332,483</b>	398,780
Asia	<b>81,797</b>	53,381
North America	<b>289,026</b>	593,236
Others	<b>20,168</b>	12,218
	<b>723,474</b>	1,057,615

Revenue generated from import shipments by destination

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Europe	<b>44</b>	330
Asia	<b>89</b>	195
North America	–	18
Others	–	14
	<b>133</b>	557

# Notes to the Consolidated Financial Statements

## 6 OPERATING SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

#### (b) Location of the Specified Non-current Assets

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	21,935	24,290
Macau	4,148	4,407
The PRC	–	720
	<hr/> 26,083	<hr/> 29,417

#### Information about major customers

Revenue from customers derived from air-freight and ocean-freight forwarding segments individually contributing 10% or more of the total revenue of the Group is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	101,068	N/A*
Customer B	86,566	301,823

\* Less than 10% of the total revenue of the Group.

# Notes to the Consolidated Financial Statements

## 7 OTHER INCOME AND OTHER GAINS AND LOSSES

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(a) Other income		
Interest income	<b>122</b>	278
Sundry income	<b>110</b>	116
	<b>232</b>	394
(b) Other gains and losses		
Recovery of bad debts previously written off	<b>16</b>	24
Gain on early termination of lease	<b>3</b>	990
Loss on disposal of property, plant and equipment	<b>(17)</b>	–
	<b>2</b>	1,014
Total	<b>234</b>	1,408

## 8 FINANCE COSTS

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on interest-bearing borrowings	<b>3,339</b>	3,447
Interest on lease liabilities	<b>89</b>	82
	<b>3,428</b>	3,529

# Notes to the Consolidated Financial Statements

## 9 INCOME TAX EXPENSE/(CREDIT)

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC Enterprise Income Tax	–	84
Deferred tax ( <i>note 22</i> )	851	(505)
<b>Total tax expense/(credit) for the year</b>	<b>851</b>	<b>(421)</b>

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax	<b>(44,095)</b>	(4,076)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%) ( <i>Note</i> )	<b>(7,276)</b>	(673)
Tax effect of income not taxable for tax purpose	<b>(91)</b>	(23)
Tax effect of expenses not deductible for tax purpose	<b>558</b>	520
Tax effect of tax losses not recognised	<b>7,451</b>	911
Utilisation of tax losses previously not recognised	–	(240)
Tax effect of deductible temporary difference previously not recognised	<b>169</b>	–
Utilisation of deductible temporary difference previously not recognised	–	(716)
Effect of different tax rate of subsidiaries operating in other jurisdiction	<b>40</b>	(199)
Others	–	(1)
<b>Tax expense/(credit) for the year</b>	<b>851</b>	<b>(421)</b>

*Note:* The domestic tax rate which is Hong Kong profits tax rate in the jurisdiction where the operation of the Group is substantially based is used.

# Notes to the Consolidated Financial Statements

## 10 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Employee benefit expense (including directors' emoluments (note 11))</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	<b>15,896</b>	16,783
Pension scheme contributions (defined contribution schemes)*	<b>769</b>	828
<b>Total staff costs</b>	<b>16,665</b>	17,611
<b>Other items</b>		
Auditor's remuneration	<b>750</b>	750
Depreciation	<b>2,302</b>	2,139
Foreign exchange differences, net	<b>507</b>	573

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

# Notes to the Consolidated Financial Statements

## 11 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

### Year ended 31 December 2025

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i> <i>(Note a)</i>	Pension scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors</i>					
Mr. Chiu Ricky Tong <i>(Note b)</i>	120	3,000	–	18	3,138
Mr. Tse Chi Kwan Decky	120	2,196	33	41	2,390
<i>Non-executive directors</i>					
Ms. Wong Sheng Ning Candace	120	–	–	–	120
Mr. Heung Wai Keung	120	–	–	–	120
<i>Independent non-executive directors</i>					
Mr. Tam Ka Hei Raymond	120	–	–	–	120
Mr. Ng Hung Fai Myron	120	–	–	–	120
Mr. Yeung Kwong Wai	120	–	–	–	120
	<b>840</b>	<b>5,196</b>	<b>33</b>	<b>59</b>	<b>6,128</b>

# Notes to the Consolidated Financial Statements

## 11 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Year ended 31 December 2024

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000 (Note a)	Pension scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Mr. Chiu Ricky Tong (Note b)	120	3,000	50	18	3,188
Mr. Tse Chi Kwan Decky	120	2,063	75	41	2,299
<i>Non-executive directors</i>					
Ms. Wong Sheng Ning Candace	120	–	–	–	120
Mr. Heung Wai Keung	120	–	–	–	120
<i>Independent non-executive directors</i>					
Mr. Tam Ka Hei Raymond	120	–	–	–	120
Mr. Ng Hung Fai Myron	120	–	–	–	120
Mr. Yeung Kwong Wai	120	–	–	–	120
	840	5,063	125	59	6,087

Notes:

- (a) Discretionary bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.
- (b) Mr. Chiu Ricky Tong is also the chief executive officer of the Group and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

The executive directors' emoluments shown above were mainly paid or payable for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly paid or payable for their services as directors of the Company.

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration for both years.

# Notes to the Consolidated Financial Statements

## 12 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two (2024: two) directors, details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	<b>2,210</b>	2,205
Discretionary bonus ( <i>Note</i> )	–	90
Pension scheme contributions	<b>54</b>	54
	<b>2,264</b>	2,349

*Note:* Discretionary bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2025</b>	2024
Nil to HK\$1,000,000	<b>3</b>	3

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

## 13 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of each reporting period.

## 14 LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss attributable to owners of the Company	<b>(44,946)</b>	(3,655)
	<b>'000</b>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>300,000</b>	300,000

Diluted loss per share is not presented as the Company does not have any dilutive potential ordinary share for both years.

# Notes to the Consolidated Financial Statements

## 15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets					Owned assets						
	Leasehold		Office	Motor	Total	Buildings	Leasehold	Computer	Furniture	Motor	Total	Total
	land	Buildings	equipment	vehicles			improvements	equipment	and fixture	vehicles		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Cost</b>												
At 1 January 2024	37,268	5,344	13	578	43,203	2,632	7,560	1,189	514	3,455	15,350	58,553
Additions	-	708	-	-	708	-	-	7	-	-	7	715
Early termination of lease	-	(2,281)	-	-	(2,281)	-	-	-	-	-	-	(2,281)
Expiration of leases	-	(271)	-	-	(271)	-	-	-	-	-	-	(271)
Exchange realignment	-	(23)	-	-	(23)	-	-	(9)	(4)	(8)	(21)	(44)
At 31 December 2024 and												
1 January 2025	37,268	3,477	13	578	41,336	2,632	7,560	1,187	510	3,447	15,336	56,672
Additions	-	1,486	-	-	1,486	-	-	-	-	-	-	1,486
Early termination of lease	-	(252)	-	-	(252)	-	-	-	-	-	-	(252)
Disposals	-	-	-	-	-	-	(29)	-	-	-	(29)	(29)
Exchange realignment	-	34	-	-	34	-	-	15	6	13	34	68
At 31 December 2025												
	37,268	4,745	13	578	42,604	2,632	7,531	1,202	516	3,460	15,341	57,945
<b>Depreciation and impairment</b>												
At 1 January 2024	(10,555)	(5,142)	(2)	(78)	(15,777)	(750)	(7,030)	(1,172)	(503)	(2,469)	(11,924)	(27,701)
Depreciation provided for the year	(1,173)	(356)	(4)	(187)	(1,720)	(83)	(107)	(5)	(2)	(222)	(419)	(2,139)
Early termination of lease	-	2,281	-	-	2,281	-	-	-	-	-	-	2,281
Expiration of leases	-	271	-	-	271	-	-	-	-	-	-	271
Exchange realignment	-	15	-	-	15	-	-	9	4	5	18	33
At 31 December 2024 and												
1 January 2025	(11,728)	(2,931)	(6)	(265)	(14,930)	(833)	(7,137)	(1,168)	(501)	(2,686)	(12,325)	(27,255)
Depreciation provided for the year	(1,173)	(524)	(4)	(187)	(1,888)	(83)	(102)	(6)	(2)	(221)	(414)	(2,302)
Impairment loss recognised in												
profit or loss	-	(1,441)	(3)	(126)	(1,570)	-	(304)	(13)	(7)	(544)	(868)	(2,438)
Early termination of lease	-	179	-	-	179	-	-	-	-	-	-	179
Disposals	-	-	-	-	-	-	12	-	-	-	12	12
Exchange realignment	-	(28)	-	-	(28)	-	-	(15)	(6)	(9)	(30)	(58)
At 31 December 2025												
	(12,901)	(4,745)	(13)	(578)	(18,237)	(916)	(7,531)	(1,202)	(516)	(3,460)	(13,625)	(31,862)
<b>Carrying values</b>												
At 31 December 2025	24,367	-	-	-	24,367	1,716	-	-	-	-	1,716	26,083
At 31 December 2024												
	25,540	546	7	313	26,406	1,799	423	19	9	761	3,011	29,417

# Notes to the Consolidated Financial Statements

## 15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the unexpired term of the lease
Buildings	Shorter of 50 years and the unexpired term of the lease
Office equipment	Over the unexpired term of the lease
Motor vehicles	Shorter of 20% and over the lease term
Leasehold improvements	Shorter of 20%-50% and over the lease term
Computer equipment	20%-33.33%
Furniture and fixture	10%-20%

As at 31 December 2025, certain of the Group's leasehold land and buildings with a total net carrying amount of approximately HK\$26,083,000 (2024: HK\$27,339,000) were pledged to secure banking facilities granted to the Group (note 19).

For the year ended 31 December 2025, the Group was loss making and the Group's management estimated corresponding recoverable amounts of certain property, plant and equipment. Based on these estimates, an impairment loss of HK\$2,438,000 (2024: nil) was recognised to write down the carrying amounts of these items of property, plant and equipment to their recoverable amounts as at 31 December 2025. The recoverable amounts were determined based on value in use calculation using a 5 years cash flow projection based on financial budget of the cash-generating unit to which the asset belongs. The pre-tax discount rate applied for the cash flow projection was 12% (2024: 16%).

For both years, the Group leases various offices premises, shops and leasehold land for its operations. The lease terms of leasehold land used for office premise and shop ranged from 27 to 33 years (2024: 27 to 33 years). Lease for office premises and shops are entered into for fixed term of one to five years (2024: one to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The total cash outflow for leases is disclosed in note 26(c).

Certain lease contracts of leased assets contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. During the years ended 31 December 2025 and 2024, the Group considers not to exercise these options and no lease contract contains variable lease payment terms.

As at 31 December 2025 and 2024, the Group has no commitment to lease contracts in relation to leased properties that have not yet commenced.

# Notes to the Consolidated Financial Statements

## 16 TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Trade receivables</b>	<b>131,815</b>	205,054
Less: Loss allowances	<b>(1,596)</b>	(3,610)
	<b>130,219</b>	201,444
<b>Other receivables, deposits and prepayments</b>		
Prepayments	<b>189</b>	130
Deposits and other receivables ( <i>Note</i> )	<b>2,855</b>	2,362
Less: Loss allowances ( <i>Note</i> )	<b>(83)</b>	(83)
	<b>2,961</b>	2,409
	<b>133,180</b>	203,853
Analysed as:		
Current	<b>133,097</b>	203,853
Non-current	<b>83</b>	–
	<b>133,180</b>	203,853

At 1 January 2024, trade receivables from contract with customers amounted to HK\$217,168,000.

*Note:* Deposits and other receivables mainly represent rental deposits and deposits with suppliers. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. Except for certain credit-impaired deposits of HK\$83,000 (2024: HK\$83,000), the loss allowances were assessed to be minimal as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

## 16 TRADE AND OTHER RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit. 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. Each customer has a maximum credit limit.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	<b>80,104</b>	97,530
31 to 60 days	<b>37,329</b>	73,856
61 to 90 days	<b>3,382</b>	16,975
Over 90 days	<b>9,404</b>	13,083
	<b>130,219</b>	201,444

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Not yet due	<b>117,433</b>	171,361
Past due:		
Within 30 days	<b>3,382</b>	16,999
31 to 60 days	<b>5,028</b>	6,707
61 to 90 days	<b>1,766</b>	3,666
Over 90 days	<b>2,610</b>	2,711
	<b>12,786</b>	30,083
	<b>130,219</b>	201,444

Details of impairment assessment of trade and other receivables are set out in note 30.

# Notes to the Consolidated Financial Statements

## 17 PLEDGED BANK DEPOSITS, CASH AND BANK BALANCES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cash and bank balances	<b>39,084</b>	31,263
Pledged bank deposits ( <i>note 19</i> )	<b>35,823</b>	35,212
	<b>74,907</b>	66,475

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK\$8,983,000 (2024: HK\$10,338,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

# Notes to the Consolidated Financial Statements

## 18 TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Trade payables</b>	<b>84,069</b>	110,684
<b>Other payables</b>		
Accruals and other payables	<b>7,217</b>	6,090
Salaries payables	<b>1,138</b>	1,530
Amount due to a director ( <i>Note</i> )	–	7,100
	<b>8,355</b>	14,720
	<b>92,424</b>	125,404

The trade payables are non-interest bearing and are normally settled on 60-day terms.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	<b>72,160</b>	88,525
31 to 60 days	<b>9,359</b>	18,563
61 to 90 days	<b>880</b>	2,054
Over 90 days	<b>1,670</b>	1,542
	<b>84,069</b>	110,684

*Note:*

As at 31 December 2024, the amount is non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amount has fully repaid during the year.

# Notes to the Consolidated Financial Statements

## 19 INTEREST-BEARING BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest-bearing borrowings – secured	<b>58,888</b>	46,884
<hr/>		
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The carrying amounts are repayable*:		
Within one year	<b>55,442</b>	43,051
Within a period of more than one year but not exceeding two years	<b>402</b>	387
Within a period of more than two years but not exceeding five years	<b>1,311</b>	1,265
Within a period of more than five years	<b>1,733</b>	2,181
	<hr/> <b>58,888</b>	<hr/> 46,884

\* The amounts due are based on scheduled repayment dates set out in the bank loan agreements. However, as the bank borrowings contained a repayable on demand clause and therefore the borrowings are classified as current liabilities.

The weighted average effective interest rate per annum of the interest-bearing borrowings as at 31 December 2025 was approximately 6.11% (2024: 6.28%).

All borrowings are in HK\$.

The interest-bearing borrowings are secured by:

- (i) certain leasehold land and buildings with an aggregate net carrying amount at the end of the reporting period of approximately HK\$26,083,000 (2024: HK\$27,339,000) (note 15); and
- (ii) pledged bank deposits with a carrying amount at the end of the reporting period of HK\$35,823,000 (2024: HK\$35,212,000) (note 17).

The Group regularly monitors its compliance with these covenants and does not consider it is 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. Further details of the Group's management of liquidity risk are set out in note 30. As at 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

# Notes to the Consolidated Financial Statements

## 20 LEASE LIABILITIES

Lease liabilities payable:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	929	741
Within a period of more than one year but not exceeding two years	538	479
Within a period of more than two years but not exceeding five years	326	69
	<b>1,793</b>	1,289
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(929)</b>	(741)
Amount due for settlement after 12 months shown under non-current liabilities	<b>864</b>	548

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.25% (2024: from 4.75% to 5.25%) per annum.

## 21 DEFERRED INCOME

Government grants of HK\$163,000 (2024: nil) to a subsidiary have been received in the current year towards the Pilot Subsidy Scheme for third-party logistics services providers launched by the Hong Kong Government to encourage the adoption of technology for enhancing efficiency and productivity (the "Subsidy Scheme"). The Subsidy Scheme will sponsor the subsidiary two-thirds of the total approved project cost.

The amount received in respect of the Subsidy Scheme is repayable if the Subsidy Scheme is suspended or terminated with a completion date on 28 February 2025. The procurement procedures must be completed before the completion date. Any subsidy received in excess of 66.6% of the actual project cost is repayable to the government. The amount has been treated as deferred income. The amount will be deducted from related expenses or losses already incurred or for the purpose of giving immediate financial support to the Group. This policy has resulted in credit to administrative expenses of HK\$533,000 (2024: HK\$117,000) in the current year. As at 31 December 2025, no deferred income (2024: an amount of HK\$370,000) remains to be amortised.

# Notes to the Consolidated Financial Statements

## 22 DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financing reporting purposes:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Deferred tax assets	–	1,055
Deferred tax liabilities	–	(213)
	–	842

The movements in the deferred tax assets during the year are as follows:

	<b>Temporary difference attributable to lease</b> <i>HK\$'000</i>	<b>Impairment of financial assets</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2024	422	348	770
(Charge)/credit to profit or loss during the year	(209)	505	296
Exchange realignment	–	(11)	(11)
At 31 December 2024 and 1 January 2025	213	842	1,055
Charge to profit or loss during the year	(213)	(851)	(1,064)
Exchange realignment	–	9	9
At 31 December 2025	–	–	–

# Notes to the Consolidated Financial Statements

## 22 DEFERRED TAX (Continued)

The movements in the deferred tax liabilities during the year are as follows:

	Temporary difference attributable to lease HK\$'000
At 1 January 2024	422
Charge to profit or loss during the year	(209)
At 31 December 2024 and 1 January 2025	213
Charge to profit or loss during the year	(213)
At 31 December 2025	–

Deferred tax assets are not recognised for the following items:

	2025 HK\$'000	2024 HK\$'000
Deductible temporary differences	1,892	280
Tax losses	71,366	27,281
At the end of the reporting period	73,258	27,561

The Group has tax losses arising in Hong Kong of HK\$64,337,000 (2024: HK\$21,805,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Mainland China of HK\$6,824,000 (2024: HK\$5,265,000) that will expire in one to five years for offsetting against future taxable profits. The Group has tax losses arising in Macau of HK\$205,000 (2024: HK\$211,000) that will expire in one to three years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.

# Notes to the Consolidated Financial Statements

## 23 SHARE CAPITAL

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	<b>20,000</b>	20,000
Issued and fully paid:		
300,000,000 ordinary shares of HK\$0.01 each	<b>3,000</b>	3,000

## 24 RESERVES

### (a) Share premium

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

### (b) Capital reserve

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 by the Group and (ii) staff costs borne by the ultimate controlling parties, Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace, in prior years.

### (c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

### (d) Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group's subsidiaries in the PRC are required to appropriate to the statutory reserve an amount of not less than 10% of the profit after tax (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and be converted to additional capital.

# Notes to the Consolidated Financial Statements

## 25 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders passed on 11 December 2020.

Under the Scheme, the board of directors (the "Board") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "Participants") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 11 December 2020 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of the issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who or whose associates are the proposed grantee of an option). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

# Notes to the Consolidated Financial Statements

## 25 SHARE OPTION SCHEME *(Continued)*

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option under the Scheme where applicable.

The subscription price for the shares subject to options will be a price determined by the Board and notified to each Participant and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

No option has been granted or exercised under the Scheme as at 31 December 2025 and 2024.

## 26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$1,486,000 (2024: HK\$708,000) in respect of lease arrangements for property, plant and equipment.

# Notes to the Consolidated Financial Statements

## 26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Changes in liabilities arising from financing activities

	Advance from a director <i>HK\$'000</i>	Interest- bearing borrowings <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>
At 1 January 2024	–	53,484	2,560
Changes from financing cash flows	7,100	(6,600)	(981)
New leases	–	–	708
Gain on early termination of lease	–	–	(990)
Foreign exchange movement	–	–	(8)
Interest expense	–	3,447	82
Interest paid classified as operating cash flows	–	(3,447)	(82)
<b>As at 31 December 2024</b>	<b>7,100</b>	<b>46,884</b>	<b>1,289</b>
Changes from financing cash flows	(7,100)	11,965	(915)
New leases	–	–	1,486
Gain on early termination of lease	–	–	(76)
Foreign exchange movement	–	39	9
Interest expense	–	3,339	89
Interest paid classified as operating cash flows	–	(3,339)	(89)
<b>As at 31 December 2025</b>	<b>–</b>	<b>58,888</b>	<b>1,793</b>

### (c) Total cash outflow for leases

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within operating activities	89	82
Within financing activities	915	981
	<b>1,004</b>	<b>1,063</b>

# Notes to the Consolidated Financial Statements

## 27 RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting periods:

<b>Name of related companies</b>	<b>Nature of transactions</b>	<b>2025</b> <i>HK\$'000</i>	<b>2024</b> <i>HK\$'000</i>
H.C. Patterson and Company Limited ( <i>Note</i> )	Travelling expenses	<b>78</b>	43

*Note:*

It is controlled by Mr. Chiu Ricky Tong, the controlling shareholder of the Company, and his brother, Mr. Chiu Man Lam. The expense was made at prices and terms mutually agreed between the respective parties.

- (b) Compensation of key management personnel of the Group:

	<b>2025</b> <i>HK\$'000</i>	<b>2024</b> <i>HK\$'000</i>
Short term employee benefits	<b>6,069</b>	6,028
Pension scheme contributions	<b>59</b>	59
<b>Total compensation paid to key management personnel</b>	<b>6,128</b>	6,087

Further details of the directors' and the chief executive emoluments are included in note 11.

# Notes to the Consolidated Financial Statements

## 28 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
<b>Directly:</b>					
Grand Power Logistics Holdings Limited (note a)	BVI/BVI	United States dollars ("US\$")10,002	100%	100%	Investment holding
<b>Indirectly:</b>					
Grand Power Express International Limited (note a)	Hong Kong/ Hong Kong	HK\$92,750,000	100%	100%	Provision of air-freight and ocean-freight forwarding services
Grand Power Express Forwarders Company Limited (note a)	Macau/Macau	Macau Pataca 2,200,000	100%	100%	Provision of air-freight forwarding services
裕程國際貨運有限公司 (Grand Power Express International (China) Limited) (note b & c)	PRC/ Mainland China	US\$7,250,000	100%	100%	Provision of air-freight and ocean-freight forwarding services
United Air Cargo & Express Limited (note a)	BVI/Macau	US\$100	100%	100%	Provision of air-freight forwarding services and holding property for own use
港裕程國際貨運代理(深圳)有限公司 (Grand Power Express International (Shenzhen) Limited) (note b & c)	PRC/ Mainland China	Renminbi ("RMB") 5,000,000	100%	100%	Provision of air-freight and ocean-freight forwarding services

# Notes to the Consolidated Financial Statements

## 28 PARTICULARS OF SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Lumen Corporation Limited (note a)	Hong Kong/ Hong Kong	HK\$1	100%	100%	Holding property for own use
Metroplus Asia Limited (note a)	BVI/BVI	US\$50,000	100%	100%	Investment holding
Redcap Logistics Limited (note a)	Hong Kong/ Hong Kong	HK\$10,000	100%	100%	Provision of air-freight and ocean-freight forwarding services
Expert Win Technology Limited (note a)	BVI/Singapore	US\$1	100%	100%	Provision of air-freight and ocean-freight forwarding services

*Notes:*

- (a) These subsidiaries are registered as limited liability companies of the relevant jurisdictions.
- (b) English translation is for identification purposes only.
- (c) These subsidiaries are registered as limited liability companies (Hong Kong and Macau Corporation Owned Enterprises) under PRC law.

## 29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged bank deposits, trade receivables, financial assets included in other receivables, trade payables, financial liabilities included in other payables, interest-bearing borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, pledged bank deposits, cash and bank balances, trade and other payables, interest-bearing borrowings and lease liabilities. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### Market risk

#### Currency risk

The Group's exposure to currency risk mainly arises from the fluctuation of HK\$, US\$ and Euro ("EUR") against the functional currencies of the relevant group entities. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities other than the functional currencies of the group entities are as follows. The management closely monitors foreign exchange exposure to mitigate the foreign currency risk.

	Financial assets	
	2025	2024
	HK\$'000	HK\$'000
HK\$	289	222
US\$	3,482	3,746
EUR	116	102

	Financial liabilities	
	2025	2024
	HK\$'000	HK\$'000
US\$	190	229

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Market risk (Continued)

### Currency risk (Continued)

#### Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Group's pre-tax results if exchange rates of HK\$, US\$ and EUR appreciated against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
HK\$	29	22
US\$	329	352
EUR	11	10

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the next 12 months after the end of the reporting period.

### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings of HK\$58,888,000 (2024: HK\$46,884,000) with floating interest rates at 31 December 2025. 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 the reporting period.

At the end of the reporting period, if interest rate had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss would have increased/decreased by HK\$589,000 (2024: HK\$469,000) for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### **Market risk** *(Continued)*

#### **Interest rate risk** *(Continued)*

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the closing balance of interest-bearing borrowings in existence at the end of the reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the next 12 months after the end of the reporting period.

#### **Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties are arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group 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 Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The management of the Group also reviews the recoverable amount of each individual debtor, at the end of the reporting period to ensure adequate allowance is made for irrecoverable amount.

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### **Credit risk and impairment assessment** *(Continued)*

#### ***General approach***

Financial assets at amortised cost are subject to impairment assessment under the general approach and they are classified within the following stages for measurement of ECL except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12m ECL

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL

#### ***Simplified approach***

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

The Group performs impairment assessment under ECL model on trade receivables individually, for balances significantly increased in credit risk and credit-impaired balances, and/or collectively based on the credit characteristics of the remaining trade receivables.

#### ***Maximum exposure and year-end staging***

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk and impairment assessment (Continued)

#### Maximum exposure and year-end staging (Continued)

##### As at 31 December 2025

	12m ECL Stage 1 HK\$'000	Lifetime ECL Stage 3 HK\$'000	Lifetime ECL Simplified approach HK\$'000	Total HK\$'000
Trade receivables (collective assessment)	–	–	113,627	113,627
Trade receivables (individual assessment)	–	–	18,188	18,188
Deposits and other receivables				
– Normal (note)	2,772	–	–	2,772
– Doubtful (note)	–	83	–	83
Pledged bank deposits				
– Not yet past due	35,823	–	–	35,823
Cash and bank balances				
– Not yet past due	39,084	–	–	39,084
	<b>77,679</b>	<b>83</b>	<b>131,815</b>	<b>209,577</b>

##### As at 31 December 2024

	12m ECL Stage 1 HK\$'000	Lifetime ECL Stage 3 HK\$'000	Lifetime ECL Simplified approach HK\$'000	Total HK\$'000
Trade receivables (collective assessment)	–	–	132,584	132,584
Trade receivables (individual assessment)	–	–	72,470	72,470
Deposits and other receivables				
– Normal (note)	2,278	–	–	2,278
– Doubtful (note)	–	83	–	83
Pledged bank deposits				
– Not yet past due	35,212	–	–	35,212
Cash and bank balances				
– Not yet past due	31,263	–	–	31,263
	<b>68,753</b>	<b>83</b>	<b>205,054</b>	<b>273,890</b>

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk and impairment assessment (Continued)

#### Maximum exposure and year-end staging (Continued)

Note:

The credit quality of the deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

#### Trade receivables

An impairment analysis is performed at each reporting date using a combination of both individual and collective basis to measure expected credit losses.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables being assessed collectively. ECL on trade receivables balances with significant increase in credit risk with gross carrying amounts of HK\$18,188,000 (2024: HK\$72,470,000) were assessed individually.

#### At 31 December 2025

	Weighted average loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
Non-credit impaired	0.51 <i>(approximately)</i>	113,627	(585)	113,042

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk and impairment assessment (Continued)

#### Maximum exposure and year-end staging (Continued)

##### Trade receivables (Continued)

#### At 31 December 2024

	Weighted average loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
	(approximately)			
Non-credit impaired	0.38%	132,584	(498)	132,086

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Not credit- impaired (collective basis) HK\$'000	Not credit- impaired (individual basis) HK\$'000	Total HK\$'000
At 1 January 2024	2,117	–	2,117
Changes due to financial instruments recognised as at 1 January 2024:			
– Impairment losses reversed	(2,117)	–	(2,117)
New financial asset originated	498	3,157	3,655
Exchange realignment	–	(45)	(45)
31 December 2024	498	3,112	3,610
Changes due to financial instruments recognised as at 1 January 2025:			
– Impairment losses reversed	(498)	(3,028)	(3,526)
New financial asset originated	584	890	1,474
Exchange realignment	1	37	38
<b>As at 31 December 2025</b>	<b>585</b>	<b>1,011</b>	<b>1,596</b>

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### **Credit risk and impairment assessment** *(Continued)*

#### **Maximum exposure and year-end staging** *(Continued)*

##### *Trade receivables (Continued)*

As at 31 December 2025, the Group had a concentration of credit risk as 13% (2024: 20%) of the total trade receivables were due from the Group's largest trade debtor, and 47% (2024: 55%) of the total trade receivables were due from the Group's five largest trade debtors.

##### *Other receivables and deposits*

In respect of the deposits, lifetime ECL is recognised for an aggregate gross carrying amount of HK\$83,000 (2024: HK\$83,000) which are identified as credit-impaired financial assets and no 12m ECL is recognised (2024: Nil).

For the remaining other receivables and deposits, no impairment allowance was made since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and credibility.

##### *Pledged bank deposits/bank balances*

The credit risk for pledged bank deposits/bank balances is considered as not material as such amount is placed in reputable banks with high credit ratings, ranging from Aa2 to Baa3 (2024: Aa3 to Baa3), assigned by international credit-rating agencies. The management of the Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

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.

The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	Total carrying amount HK\$'000	Total contractual undiscounted Cash flow HK\$'000	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000
<b>At 31 December 2025</b>					
Trade and other payables	91,286	91,286	91,286	–	–
Interest-bearing borrowings (Note)	58,888	58,888	58,888	–	–
Lease liabilities	1,793	1,904	1,002	570	332
	<b>151,967</b>	<b>152,078</b>	<b>151,176</b>	<b>570</b>	<b>332</b>

	Total carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000
<b>At 31 December 2024</b>					
Trade and other payables	123,874	123,874	123,874	–	–
Interest-bearing borrowings (Note)	46,884	46,884	46,884	–	–
Lease liabilities	1,289	1,358	790	497	71
	<b>172,047</b>	<b>172,116</b>	<b>171,548</b>	<b>497</b>	<b>71</b>

# Notes to the Consolidated Financial Statements

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk (Continued)

Note: The amounts repayable under bank loan agreements that include a clause that give the banks an unconditional right to call the borrowings at any time are classified under the category of “on demand or less than 1 year”. However, the management of the Group does not expect that the banks would exercise such right to demand the repayment and thus, the borrowings, which included the related interest, would be repaid according to the below schedule as set out in the bank loan agreements as follows:

	Total carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000
<b>At 31 December 2025</b>						
Interest-bearing borrowings	58,888	59,633	55,650	537	1,611	1,835
<b>At 31 December 2024</b>						
Interest-bearing borrowings	46,884	47,788	43,222	542	1,628	2,396

## 31 CAPITAL MANAGEMENT

The objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, calling for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is calculated based on the total debts, which include interest-bearing borrowings and lease liabilities, divided by total equity. The gearing ratio as at the end of the reporting period was 74.9% (2024: 38.0%).

# Notes to the Consolidated Financial Statements

## 32 EVENT AFTER THE REPORTING PERIOD

On 30 December 2025, the Company entered into the placing agreement (the “Placing Agreement”) with Pinestone Securities Limited (“Placing Agent”) pursuant to which the Company has conditionally agreed to place through the Placing Agent on a best effort basis, a maximum of 60,000,000 new shares of the Company (“Placing Shares”) of HK\$0.01 each at HK\$0.265 (the “Placing Price”) per Placing Share to not less than six placees who and whose beneficial owners shall be independent third parties. The intended use of proceeds from the share placement to be used as to apply for general working capital of the Group, which shall be applied on staff cost, professional fees, rental payments, general administrative and business operating expenses of the Group.

On 20 January 2026, the Company and the Placing Agent entered into a supplemental agreement (the “Supplemental Agreement”) to the Placing Agreement to the effect that the Placing Price adjusted from HK\$0.265 to HK\$0.289 (the “New Placing Price”).

On 10 February 2026, the Company and the Placing Agent entered into a second supplemental agreement to the Placing Agreement (as supplemented by the Supplemental Agreement) to the effect that the Placing Price adjusted from HK\$0.289 to HK\$0.373.

On 6 March 2026, the placing transaction was completed and a total of 7,575,000 Placing Shares were issued. As the Placing Shares were not fully placed, the actual gross profit from Placing are approximately HK\$2.83 million. The net proceeds from the placing, after deduction of the placing commission, professional fees and all and related expenses, amount to be approximately HK\$2.63 million. Details of the above share placement are set out in the Company’s announcements dated 30 December 2025, 20 January 2026, 10 February 2026, and 6 March 2026.

# Notes to the Consolidated Financial Statements

## 33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is set out below:

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Non-current asset</b>			
Investment in a subsidiary		—*	—*
<b>Current assets</b>			
Prepayments		179	105
Due from a subsidiary	(a)	33,318	34,565
Cash and bank balances		3	4
Total current assets		33,500	34,674
<b>Current liabilities</b>			
Other payables		41	41
Due to a subsidiary	(a)	4,592	4,592
Total current liabilities		4,633	4,633
<b>Net current assets</b>		<b>28,867</b>	30,041
<b>NET ASSETS</b>		<b>28,867</b>	30,041
<b>Capital and reserves</b>			
Share capital	23	3,000	3,000
Reserves	(b)	25,867	27,041
<b>TOTAL EQUITY</b>		<b>28,867</b>	30,041

\* Represent amounts less than HK\$1,000.

# Notes to the Consolidated Financial Statements

## 33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### (a) Balances with subsidiaries

Balances with subsidiaries are unsecured, interest-free and repayable on demand.

### (b) Reserves of the Company

	<b>Share premium</b> <i>HK\$'000</i>	<b>Accumulated losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2024	35,986	(7,676)	28,310
Loss and total comprehensive expense for the year	–	(1,269)	(1,269)
At 31 December 2024 and 1 January 2025	35,986	(8,945)	27,041
Loss and total comprehensive expense for the year	–	(1,174)	(1,174)
<b>At 31 December 2025</b>	<b>35,986</b>	<b>(10,119)</b>	<b>25,867</b>

# Five-Year Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's annual reports and the accountant's report as contained in the Prospectus, is set out below.

## RESULTS

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	723,607	1,058,172	825,726	674,387	892,468
(Loss)/profit before tax	(44,095)	(4,076)	(1,853)	(27,561)	28,067
Income tax (expenses)/credit	(851)	421	348	(29)	(5,087)
(Loss)/profit and for the year	(44,946)	(3,655)	(1,505)	(27,590)	22,980

## ASSETS AND LIABILITIES

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	234,170	300,602	311,582	236,497	366,757
Total liabilities	(153,105)	(173,947)	(177,164)	(99,984)	(200,821)
Total equity	81,065	126,655	134,418	136,513	165,936