



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

2022

INTERIM REPORT

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. Tse Chi Kwan Decky

Non-executive Directors

Ms. Wong Sheng Ning Candace

Mr. Heung Wai Keung

Independent non-executive Directors

Mr. Tam Ka Hei Raymond

Mr. Ng Hung Fai Myron

Mr. Yu Tak Chi Michael

Mr. Yeung Kwong Wai

COMPANY SECRETARY

Mr. Li Chun Fung

COMPLIANCE ADVISER

VBG Capital Limited

COMPLIANCE OFFICER

Mr. Chiu Ricky Tong

AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong

Mr. Tse Chi Kwan Decky

AUDIT COMMITTEE

Mr. Yu Tak Chi Michael (*Chairman*)

Mr. Tam Ka Hei Raymond

Mr. Yeung Kwong Wai

REMUNERATION COMMITTEE

Mr. Tam Ka Hei Raymond (*Chairman*)

Mr. Ng Hung Fai Myron

Mr. Yu Tak Chi Michael

NOMINATION COMMITTEE

Mr. Ng Hung Fai Myron (*Chairman*)

Mr. Tam Ka Hei Raymond

Mr. Yu Tak Chi Michael

FINANCIAL REPORTING COMMITTEE

Mr. Yeung Kwong Wai (*Chairman*)

Mr. Heung Wai Keung

Mr. Yu Tak Chi Michael

Mr. Tam Ka Hei Raymond

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

**PRINCIPAL PLACE OF BUSINESS IN
HONG KONG**

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Hong Kong

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

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Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

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PRINCIPAL BANKERS

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Limited
China CITIC Bank International Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE ADDRESS

www.grandpowerexpress.com

STOCK CODE

8489

INTERIM UNAUDITED RESULTS

HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the six months ended 30 June 2022 was approximately HK\$366.6 million (2021: approximately HK\$304.7 million), representing an increase of approximately 20.3% as compared with that for the corresponding period in 2021.
- The Group recorded a loss attributable to ordinary equity holders of the Company of approximately HK\$1.4 million for the six months ended 30 June 2022 (2021: Profit attributable to ordinary equity holders of the Company of approximately HK\$13.8 million).
- The basic and diluted losses per share of the Company were approximately HK0.46 cents for the six months ended 30 June 2022 (2021: Basic and diluted earnings per share of the Company were approximately HK4.68 cents).

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022, together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	185,947	167,645	366,590	304,725
Cost of services		(179,561)	(151,220)	(347,291)	(271,358)
Gross profit		6,386	16,425	19,299	33,367
Other income	4	13	92	67	1,642
Administrative and other operating expenses		(9,318)	(9,383)	(19,875)	(16,673)
Provision for impairment loss on trade receivables		27	(127)	305	(899)
Finance costs	5	(278)	(63)	(863)	(531)
(Loss)/profit before income tax	5	(3,170)	6,944	(1,067)	16,906
Income tax credit/(expenses)	6	188	(1,396)	(319)	(3,105)
(Loss)/profit for the period		(2,982)	5,548	(1,386)	13,801
Other comprehensive (loss)/income: <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on consolidation		(2,192)	371	(2,339)	272
Total comprehensive (loss)/income for the period		(5,174)	5,919	(3,725)	14,073
		HK cents	HK cents	HK cents	HK cents
(Losses)/earnings per share attributable to owners of the Company					
Basic and diluted	7	(0.99)	1.85	(0.46)	4.68

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	34,754	35,524
Deferred tax assets		322	322
Other receivables	10	57	78
		35,133	35,924
Current assets			
Trade and other receivables	10	140,317	235,437
Tax recoverable		–	396
Pledged bank deposits		30,068	30,068
Bank balances and cash		72,278	64,932
		242,663	330,833
Current liabilities			
Trade and other payables	11	79,525	158,151
Tax payables		873	392
Interest-bearing borrowings	12	33,207	40,289
Lease liabilities		598	597
		114,203	199,429
Net current assets		128,460	131,404
Total assets less current liabilities		163,593	167,328
Non-current liabilities			
Lease liabilities		1,382	1,392
		1,382	1,392
NET ASSETS		162,211	165,936

		At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
	<i>Notes</i>		
Capital and reserves			
Share capital	13	3,000	3,000
Reserves		159,211	162,936
TOTAL EQUITY		162,211	165,936

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium (Note a)	Capital reserve (Note b)	Reserves			Total
				Translation reserve	Statutory reserve	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	—*	—*	97,438	(1,228)	110	6,176	102,496
Profit for the period	—	—	—	—	—	13,801	13,801
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	272	—	—	272
Total comprehensive income for the period	—	—	—	272	—	13,801	14,073
Issue of shares by way of share offer (Note c)	750	54,750	—	—	—	—	55,500
Capitalisation issue (Note d)	2,250	(2,250)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(16,514)	—	—	—	—	(16,514)
At 30 June 2021 (unaudited)	3,000	35,986	97,438	(956)	110	19,977	155,555
At 1 January 2022 (audited)	3,000	35,986	97,438	246	110	29,156	165,936
Loss for the period	—	—	—	—	—	(1,386)	(1,386)
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(2,339)	—	—	(2,339)
Total comprehensive loss for the period	—	—	—	(2,339)	—	(1,386)	(3,725)
At 30 June 2022 (unaudited)	3,000	35,986	97,438	(2,093)	110	27,770	162,211

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

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

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

Note c: On 13 January 2021 the shares of the Company were listed on GEM of the Stock Exchange ("**GEM**") and 75,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.74 per share by way of share offer ("**Share Offer**"). The gross proceeds from the Share Offer amounted to HK\$55,000,000.

Note d: Pursuant to the resolutions in writing of the Company's shareholders passed on 11 December 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the Directors were authorised to allot and issue a total of 224,990,000 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$2,249,900 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 13 January 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	15,145	25,769
INVESTING ACTIVITIES		
Decrease in pledged bank deposits	—	1,629
Interest received	63	11
Purchase of property, plant and equipment	(19)	(44)
Net cash from investing activities	44	1,596
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	29,988	—
Repayment of interest-bearing borrowings	(37,070)	(26,207)
Proceeds from issue of shares by way of share offer	—	55,500
Transaction costs paid attributable to issue of new shares	—	(10,866)
Repayment of lease liabilities	(341)	(458)
Net cash (used in)/from financing activities	(7,423)	17,969
Net increase in cash and cash equivalents	7,766	45,334
Cash and cash equivalents at beginning of the period	64,932	27,580
Effect on exchange rate changes	(420)	59
Cash and cash equivalents at the end of period, represented by bank balances and cash	72,278	72,973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are the Ultimate Controlling Party, who have been acting in concert over the course of the Group’s business history.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those adopted in preparing the 2021 Annual Report except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

HKFRSs as at 30 June 2022

HKICPA has issued the following revised HKFRSs, which are effective for the financial year ending 31 December 2022:

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 37	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss.

The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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

The preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. REVENUE

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers				
within HKFRS 15				
Air-freight forwarding services	158,934	157,793	312,088	289,496
Ocean-freight forwarding services	27,013	9,852	54,502	15,229
	185,947	167,645	366,590	304,725

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition:				
— Over time				
Air-freight forwarding services	158,934	157,793	312,088	289,496
Ocean-freight forwarding services	27,013	9,852	54,502	15,229
	185,947	167,645	366,590	304,725

Segment information

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

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

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

Segment revenue and results

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

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

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

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

	Air-freight forwarding HK\$'000 (Unaudited)	Ocean-freight forwarding HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2021			
Revenue			
Export	289,370	14,748	304,118
Import	126	481	607
<hr/>			
Segment revenue	289,496	15,229	304,725
<hr/>			
Segment results	32,454	913	33,367
<hr/>			
Unallocated income and expenses:			
Other income			1,642
Administrative and other operating expenses			(16,673)
Provision for impairment loss on trade receivables			(899)
Finance costs			(531)
Listing expenses			—
			<hr/>
Profit before income tax			16,906
Income tax expenses			(3,105)
			<hr/>
Profit for the period			13,801
			<hr/>

Geographical information

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

Location of revenue

Revenue generated from export shipments by destination

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	120,914	132,466
Asia	34,959	35,811
North America	187,578	130,044
Others	22,827	5,797
	366,278	304,118

Revenue generated from import shipments by origin

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	16	521
Asia	271	13
North America	25	1
Others	—	72
	312	607

Information about major customers

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Customer A from air freight forwarding segment	77,994	99,232
Customer B from air freight forwarding segment	41,224	—*
Customer C from air freight forwarding segment	41,167	33,172
	160,385	132,404

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

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest income	13	5	63	11
Recovery of bad debts previously written-off	—	9	4	18
Reversal of impairment loss on trade receivables	—	43	—	1,566
Sundry income	—	35	—	47
	13	92	67	1,642

5. (LOSS)/PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance costs				
Interest on interest-bearing borrowings	264	56	835	516
Interest on lease liabilities	14	7	28	15
	278	63	863	531
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowance and other benefits in kind	3,125	3,515	8,093	6,118
Contributions to defined contribution plans	249	255	474	371
Total staff costs	3,374	3,770	8,567	6,489
Other items				
Depreciation	373	493	785	1,286
Exchange loss/(gain), net	(255)	39	(232)	95
Recovery of bad debts previously written-off	–	(9)	(4)	(18)
Reversal of impairment loss on trade receivables, net	–	84	(278)	(667)

6. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax				
Hong Kong profits tax				
Current year	(188)	1,396	319	3,105

Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the six months ended 30 June 2022 and 2021.

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

The Group's entities established in the PRC are subject to enterprise income tax of the PRC at a statutory rate of 25% during the six months ended 30 June 2022 and 2021.

7. (LOSSES)/EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company used in basic and diluted (losses)/earnings per share calculation	(2,982)	5,548	(1,386)	13,801
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
<i>Number of shares:</i>				
Weighted average number of ordinary shares for basic and diluted (losses)/earnings per share calculation	300,000	300,000	300,000	295,028

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (losses)/earnings per share was on the basis as if the Capitalisation Issue had been effective on 1 January 2021.

Diluted (losses)/earnings per share are same as the basic (losses)/earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 2021.

8. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2022 and 2021.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had acquired property, plant and equipment of approximately HK\$19,000 (2021: HK\$44,000). No property, plant and equipment (2021: nil) were written off or disposed of during the six months ended 30 June 2022.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Trade receivables	133,407	233,940
<i>Less: Loss allowances</i>	(928)	(1,233)
	132,479	232,707
Other receivables		
Deposits and other receivables	7,895	2,808
	7,895	2,808
	140,374	235,515
Analysed into:		
Current portion	140,317	235,437
Non-current portion	57	78
	140,374	235,515

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Within 30 days	55,941	121,467
31 to 60 days	47,386	101,992
61 to 90 days	28,718	9,244
Over 90 days	434	4
	132,479	232,707

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Not yet due	132,045	232,703
Past due:		
Within 30 days	—	—
Over 90 days	434	4
	434	4
	132,479	232,707

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

11. TRADE AND OTHER PAYABLES

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Trade payables	77,636	154,491
Other payables		
Accruals and other payables	1,889	2,720
Salaries payables	—	940
	1,889	3,660
	79,525	158,151

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

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Within 30 days	58,652	112,336
31 to 60 days	16,462	39,070
61 to 90 days	1,450	2,293
Over 90 days	1,072	792
	77,636	154,491

12. INTEREST-BEARING BORROWINGS

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

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Interest-bearing borrowings — secured	33,207	40,289

The interest-bearing borrowings represent amounts due to various banks which are due within 1 year, 5 years or 15 years since its inception at 30 June 2022 and 31 December 2021 and normally be renewed with banks upon expiry/maturity.

The weighted average effective interest rates of the interest-bearing borrowings at 30 June 2022 and 31 December 2021 are approximately 3.43% and 3.43%, respectively.

The interest-bearing borrowings are secured by:

- i) certain leasehold properties with an aggregate net carrying amount at the end of the reporting period of approximately HK\$30,609,000 (31 December 2021: HK\$31,107,000);
- ii) properties insurance on the pledged leasehold properties executed by the Group in favour of the bank with coverage at the end of the reporting period amounting to HK\$14,200,000 (31 December 2021: HK\$14,200,000);
- iii) pledged bank deposits with carrying amount at the end of the reporting period of HK\$30,068,000 (31 December 2021: HK\$30,068,000); and
- iv) guarantee provided by the Government of the Hong Kong Special Administrative Region.

All of the banking facilities are subject to the fulfilment of covenants relating to certain subsidiaries' financial ratios based on their statements of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the subsidiaries' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiaries have complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the banks will exercise their discretion to demand repayment so long as the Group continues to make payments according to the schedule of the loans. At 30 June 2022 and 31 December 2021, none of the covenants relating to drawn down facilities had been breached.

13. SHARE CAPITAL

	At 30 June 2022 (Unaudited)		At 31 December 2021 (Audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
	Notes			
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the reporting period	300,000,000	3,000	10,000	—*
Issue of shares by way of Share Offer (a)	—	—	75,000,000	750
Capitalisation Issue (b)	—	—	224,990,000	2,250
At the end of the reporting period	300,000,000	3,000	300,000,000	3,000

* Represents amount less than HK\$1,000.

Notes:

- (a) On 13 January 2021, the shares of the Company were listed on GEM and 75,000,000 ordinary shares of HK\$0.01 each were issued at HK\$0.74 per share by way of share offer. The gross proceeds from the Share Offer amounted to HK\$55,500,000. The proceeds of HK\$750,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$54,750,000 before listing expenses of HK\$16,514,000, were credited to the share premium account.
- (b) Pursuant to the resolution in writing of the Company's shareholders passed on 11 December 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 224,990,000 shares of HK\$0.01 each to the then existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$2,249,900 standing to the credit of the share premium account of the Company and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue. The Capitalisation Issue was fully completed on 13 January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

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

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

REVENUE

The Group derives its revenue from two business segments, namely air freight forwarding services and ocean freight forwarding services, which include both import and export of goods. For the six months ended 30 June 2022, the Group recorded a revenue of approximately HK\$366.6 million (2021: approximately HK\$304.7 million), representing an increase of approximately 20.3% as compared with that of the corresponding period in 2021. Such increase was attributable to the increase in revenue of both of the air freight forwarding segment and the ocean freight forwarding segment, with reasons as set forth in the paragraph below.

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

	Six months ended 30 June			
	2022		2021	
	(Unaudited)		(Unaudited)	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Air freight forwarding	312,088	85.1	289,496	95.0
Ocean freight forwarding	54,502	14.9	15,229	5.0
	366,590	100.0	304,725	100.0

Air freight forwarding

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

The Group's revenue from air freight forwarding segment increased by approximately 7.8% to approximately HK\$312.1 million for the six months ended 30 June 2022 (2021: approximately HK\$289.5 million). Such increase was primarily because of the Group's selling price for export services of air freight forwarding segment increased due to the increase in freight charges during the six months ended 30 June 2022.

Ocean freight forwarding

The Group's revenue from ocean freight forwarding segment increased by approximately 258.6% to approximately HK\$54.5 million for the six months ended 30 June 2022 (2021: approximately HK\$15.2 million). Such increase was primarily because of the substantial increase in demand for the Group's ocean freight forwarding services as well as the increase in cost of services which led to an increase in selling prices.

Cost of services

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

The Group's cost of services increased by approximately 28.0% to approximately HK\$347.3 million for the six months ended 30 June 2022 (2021: approximately HK\$271.4 million). Such increase was due to the steep increase in the cost of freight services along the industry chain in the six months ended 30 June 2022 as compared to that of the corresponding period in 2021 caused by the worsening of the outbreak of the highly transmissible Omicron variant in Hong Kong and the Mainland China, the tight lockdown and custom blockade in the Mainland China imposed by the government, the cancellation of cargo flights by airlines and the surging logistics costs.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 42.2% to approximately HK\$19.3 million for the six months ended 30 June 2022 (2021: approximately HK\$33.4 million), which was primarily reflected by the decrease in gross profit from the Group's air export shipments, the increase in revenue for ocean freight forwarding services which has a lower profit margin, the substantial increase in cost of services and the inability of the Group to transfer the surging logistics costs to its customers. Accordingly, the Group's gross profit margin decreased from approximately 10.9% for the six months ended 30 June 2021 to approximately 5.3% for the six months ended 30 June 2022.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses increased by approximately 19.2% to approximately HK\$19.9 million for the six months ended 30 June 2022 (2021: approximately HK\$16.7 million). The increase was mainly attributable to the increase in staff costs during the reporting period.

Taxation

The Group's income tax expenses decreased from approximately HK\$3.1 million for the six months ended 30 June 2021 to approximately HK\$0.3 million for the six months ended 30 June 2022, as a result of the decrease in taxable income during the reporting period.

Loss for the period

Due to the above factors, the Group recorded a net loss of approximately HK\$1.4 million for the six months ended 30 June 2022, representing a decrease of approximately 110.1%, from a net profit of approximately HK\$13.8 million for the six months ended 30 June 2021.

Liquidity and financial resources

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

The Group's gearing ratio, which is calculated as the total debts divided by the total equity as at the respective period end, was approximately 21.7% as at 30 June 2022 (31 December 2021: approximately 25.5%). As at 30 June 2022, the Group's total debts were approximately HK\$35.2 million (31 December 2021: approximately HK\$42.3 million) and the total equity was approximately HK\$162.2 million (31 December 2021: approximately HK\$165.9 million).

The Group's current ratio, which is calculated as the total current assets divided by the total current liabilities at the respective period end, was approximately 2.1 as at 30 June 2022 (31 December 2021: approximately 1.7).

As at 30 June 2022, the Group had bank balances and cash of approximately HK\$72.3 million (31 December 2021: approximately HK\$64.9 million). The cash and cash equivalents of the Group are denominated in HK\$, US\$ and Renminbi (“**RMB**”) and in aggregate amounted to approximately HK\$71.4 million as at 30 June 2022 (31 December 2021: approximately HK\$64.3 million). The pledged bank deposits of the Group are denominated in HK\$ and US\$ and amounted to approximately HK\$30.1 million as at 30 June 2022 (31 December 2021: approximately HK\$30.1 million). The Group’s financial position remains solid and the Group has sufficient bank balances to meet its liabilities when they become due.

For the six months ended 30 June 2022, the Group’s net cash generated from operating activities was approximately HK\$15.1 million (six months ended 30 June 2021: approximately HK\$25.8 million), net cash generated from investing activities was approximately HK\$0.04 million (six months ended 30 June 2021: approximately HK\$1.6 million) and net cash used in financing activities was approximately HK\$7.4 million (six months ended 30 June 2021: net cash generated from financing activities of approximately HK\$18.0 million).

As at 30 June 2022, the interest-bearing borrowings were made in HK\$ (31 December 2021: HK\$) and amounted to approximately HK\$33.2 million (31 December 2021: approximately HK\$40.3 million). Particulars of the interest-bearing borrowings of the Group are set out in note 12 to the condensed consolidated financial statements in this report.

Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

Future plans for material investments and capital assets

As at 30 June 2022, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 30 December 2020 (the “**Prospectus**”).

Capital structure

As at 30 June 2022, the capital structure of the Group was mainly based on the equity attributable to the shareholders of the Company (the “**Shareholders**”) (including share capital and reserves). The total number of issued ordinary shares was 300,000,000 with a par value of HK\$0.01 each (31 December 2021: 300,000,000 shares).

Pledge of/charge on assets

As at 30 June 2022, the bank and other borrowings of the Group were secured by leasehold/and buildings, property insurance on the pledged leasehold land and buildings, pledged bank deposits and guarantees provided by the Government of the Hong Kong Special Administrative Region.

Contingent liabilities

The Group did not have any significant contingent liability as at 30 June 2022 (31 December 2021: Nil).

Capital commitments

The Group did not have any capital commitment as at 30 June 2022 (31 December 2021: Nil).

Financial management and treasury policy

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

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

In terms of mitigating credit risks, the Group selects the counterparties with reference to their past credit history and/or market reputation. The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The management of the Group limits the Group's exposure to credit risks by taking timely actions once there is any indication of recoverability 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 its financial liabilities and financial assets (e.g. trade and other receivables) and projected cash flows from operations. The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

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

Foreign exchange exposure

The Group's operating subsidiaries incorporated in Hong Kong operate with most transactions being settled in HK\$, except for certain transactions which are denominated in US\$ or other currencies. The Group's operating subsidiaries incorporated in the PRC operate in the PRC and their functional currency is RMB. The Group's transactions are mainly denominated in HK\$, US\$ and RMB. As at 30 June 2022, foreign currency risk arose mainly because certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities.

Employees and pension scheme

As at 30 June 2022, the Group had 41 (31 December 2021: 42) full-time employees. Total staff costs for the six months ended 30 June 2022 and the six months ended 30 June 2021 were approximately HK\$8.6 million and HK\$6.5 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, qualification, position, duty, contributions, years of experience and local market conditions. The remuneration package of the Group's employees is periodically reviewed. The Group has also adopted a share option scheme (the "**Share Option Scheme**") to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider that the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contribution to the Group.

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

OUTLOOK AND PROSPECTS

The continuous outbreak of the highly transmissible Omicron variant in the PRC and the surging logistics costs all added uncertainty to the economy domestically and globally. The freight forwarding and logistics industries are continuously affected to various extent, such as shortage of flights and cargo spaces and custom blockade.

Subject to any further development of the pandemic subsequent to the date of this report, further changes in economic conditions may have an impact on the future financial results of the Group. The Group will continue to closely monitor the situation and react actively to its impact on the financial position and operating results of the Group. Looking forward, with the aim of further developing its business and continuing its growth, the Group will continue to implement the following strategies and gradually utilise the net proceeds in accordance with the intended purpose as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus:

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the shares of the Company during the six months ended 30 June 2022.

DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2022 (2021: Nil).

USE OF PROCEEDS

The net proceeds (after deducting related expenses) raised by the Company from its Listing on GEM on 13 January 2021 were approximately HK\$5.2 million (based on the final offer price of HK\$0.74 per share).

No material changes had occurred in respect of the business objectives as set out in the Prospectus during the six months ended 30 June 2022.

	Amount of net proceeds allocated	Percentage of total amount	Amount utilised as at 30 June 2022	Remaining balance as at 30 June 2022	Expected time frame for remaining unused net proceeds
	HK\$ million (approximate)	(%) (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	(Note)
Further developing the Group's air freight forwarding business					
— Financing the Group's additional payment obligation to procure new cargo spaces	3.1	59.7	2.1	1.0	By 31 December 2022
— Placing bank guarantee	1.0	19.2	1.0	—	—
Open new regional office in the PRC					
— Initial setup costs	0.4	7.7	0.4	—	—
— Recurring costs	0.1	1.9	0.1	—	—
Undertaking charter flights	0.5	9.6	0.5	—	—
General working capital	0.1	1.9	0.1	—	—
Total	5.2	100.0	4.2	1.0	

Note: The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

Notes:

1. The letter “L” denotes the entity/person’s long position in the shares.

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

Save as disclosed above, as at 30 June 2022, none of the Director nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2022, so far as the Directors are aware, the following persons/entities (other than the Directors or the chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company were as follows:

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

Notes:

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

Save as disclosed above, as at 30 June 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations" above, had notified the Company of an interest or short position in the shares or underlying shares that was required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, with an effective life of 10 years from the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

There were no outstanding options as at 30 June 2022. No options had been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

COMPETING INTERESTS

The Directors were not aware of any business or interest of Directors nor the controlling Shareholders nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the six months ended 30 June 2022.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in part 2 of Appendix 15 to the GEM Listing Rules, save and except the deviation below:

Chairman and Chief Executive Officer

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

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he was a Director.

The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors confirmed that they had complied with the required standards of dealings set out in the Model Code during the six months ended 30 June 2022. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during the six months ended 30 June 2022.

INTERESTS OF COMPLIANCE ADVISER

As notified by VBG Capital Limited (“**VBG**”), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and VBG dated 11 December 2020, neither VBG nor any of its directors, employees and close associates (as defined in the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during the six months ended 30 June 2022 and up to the date of this report.

AUDIT COMMITTEE

This report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 10 August 2022