

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Asia-express Logistics Holdings Limited

亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8620)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Asia-express Logistics Holdings Limited (the “**Company**” and its subsidiaries, the “**Group**”) is pleased to announce the interim unaudited consolidated results of the Group for the six months ended 30 September 2022. This announcement, containing the full text of the 2022/2023 interim report of the Company (“**2022/2023 Interim Report**”), complies with the relevant requirements of The Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of the interim results. Printed version of the 2022/2023 Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.asia-expresslogs.com in due course.

By Order of the Board
Asia-express Logistics Holdings Limited
Chan Le Bon
Executive Director

Hong Kong, 14 November 2022

As at the date of this announcement, the executive Directors are Mr. Chan Le Bon and Mr. Chan Yu; the non-executive Director is Mr. Choy Wing Hang William; and the independent non-executive Directors are Mr. Fu Lui, Mr. Chan Chi Ho and Ms. Chui Sin Heng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 beliefs the information contained in this announcement 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 announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Announcement” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.asia-expresslogs.com.



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this interim report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this interim report.

*This interim report, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Asia-express Logistics Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**We**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 interim 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 interim report misleading.*

*Unless otherwise defined herein, capitalized terms used in this interim report shall have the same meanings as those defined in the Prospectus of the Company dated 31 March 2020 (the “**Prospectus**”).*



Contents



Corporate Information	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	22
Disclosure of Additional Information	28





Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Le Bon (*Chairman*)
Mr. Chan Yu (*Chief executive officer*)

Non-executive Director

Mr. Choy Wing Hang, William

Independent Non-executive Directors

Mr. Fu Lui
Mr. Chan Chi Ho
Ms. Chui Sin Heng

COMPANY SECRETARY

Mr. Yip Chun Ming, Alex, *CPA*

COMPLIANCE OFFICER

Mr. Chan Yu

AUTHORISED REPRESENTATIVES

Mr. Chan Yu
Mr. Yip Chun Ming, Alex

BOARD COMMITTEES

Audit Committee

Mr. Fu Lui (*Chairman*)
Mr. Chan Chi Ho
Ms. Chui Sin Heng

Remuneration Committee

Mr. Chan Chi Ho (*Chairman*)
Mr. Fu Lui
Ms. Chui Sin Heng

Nomination Committee

Ms. Chui Sin Heng (*Chairman*)
Mr. Chan Chi Ho
Mr. Fu Lui

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1613–1615, Level 16
Tower 1, Metroplaza
223 Hing Fong Road
Kwai Fong
Hong Kong

HONG KONG LEGAL ADVISER

Holman Fenwick Willan
15/F, Tower I, Lippo Centre
89 Queensway
Admiralty
Hong Kong



Corporate Information (Continued)

COMPLIANCE ADVISER

Giraffe Capital Limited
3/F, 8 Wyndham Street
Central
Hong Kong

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors

COMPANY'S WEBSITE

www.asia-expresslogs.com

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Limited
21/F, Crocodile Centre
79 Hoi Yuen Road
Kwun Tong
Kowloon
Hong Kong

STOCK CODE

8620

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	82,117	115,461	173,869	217,507
Other income		632	413	1,351	1,030
Other gains and losses		(227)	(121)	(588)	(157)
Employee benefits expenses		(11,510)	(13,196)	(23,026)	(26,656)
Dispatch labour costs		(31,831)	(33,258)	(63,538)	(63,699)
Transportation costs		(31,149)	(53,944)	(67,923)	(98,746)
Warehousing operating costs		(6,374)	(7,279)	(12,893)	(13,976)
Reversal of impairment loss on trade receivables, net		160	414	196	414
Depreciation of property, plant and equipment		(1,206)	(1,731)	(3,047)	(3,532)
Depreciation of right-of-use assets		(3,192)	(3,332)	(6,767)	(6,668)
Other expenses		(1,027)	(1,812)	(3,078)	(4,686)
Finance costs		(793)	(746)	(1,497)	(1,285)
Share of results of an associate		15	(7)	6	5
(Loss)/profit before tax		(4,385)	862	(6,935)	(449)
Income tax expenses	5	—	(18)	—	(18)
(Loss)/profit for the period	6	(4,385)	844	(6,935)	(467)
Other comprehensive (expense)/income that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		(28)	189	(657)	190
Other comprehensive (expense)/income for the period		(28)	189	(657)	190
Total comprehensive (expense)/income for the period		(4,413)	1,033	(7,592)	(277)
(Loss)/profit for the period attributable to owners of the Company		(4,385)	844	(6,935)	(467)
Total comprehensive (expense)/income for the period attributable to owners of the Company		(4,413)	1,033	(7,592)	(277)
(Loss)/earning per Share (HK cents)					
Basic	8	(0.91)	0.18	(1.44)	(0.10)

Condensed Consolidated Statement of Financial Position

At 30 September 2022

		As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,089	27,828
Interest in an associate		672	742
Right-of-use assets	9	44,934	39,325
Deposits paid for acquisition of property, plant and equipment		—	350
Rental deposits		2,528	3,333
		76,223	71,578
CURRENT ASSETS			
Trade and other receivables	10	55,215	60,878
Rental deposits		1,064	76
Financial assets at fair value through profit or loss		4,306	4,112
Tax recoverable		1,131	1,150
Pledged bank deposits		18,022	19,001
Bank balances and cash		8,170	21,664
		87,908	106,881
CURRENT LIABILITIES			
Trade and other payables	11	37,317	39,672
Bank borrowings	12	42,000	50,500
Lease liabilities		16,472	12,841
Tax payable		734	818
		96,523	103,831
NET CURRENT (LIABILITIES)/ASSETS		(8,615)	3,050
TOTAL ASSETS LESS CURRENT ASSETS		67,608	74,628

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2022

		As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
	Notes		
NON-CURRENT LIABILITIES			
Lease liabilities		17,427	16,853
Deferred tax liabilities		3,113	3,115
		20,540	19,968
NET ASSETS			
		47,068	54,660
CAPITAL AND RESERVES			
Share capital	13	4,800	4,800
Reserves		42,268	49,860
TOTAL EQUITY			
		47,068	54,660

The condensed consolidated financial statements on page 5 to 21 were approved and authorised for issue by the board of directors on 14 November 2022 and are signed on its behalf by:

Chan Le Bon
Executive Director

Chan Yu
Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 (Note a)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	4,800	37,304	1,876	(70)	2,431	26,283	72,624
Loss for the period	—	—	—	—	—	(467)	(467)
Other comprehensive income	—	—	—	190	—	—	190
Total comprehensive income/ (expense) for the period	—	—	—	190	—	(467)	(277)
At 30 September 2021 (unaudited)	4,800	37,304	1,876	120	2,431	25,816	72,347
At 1 April 2022 (audited)	4,800	37,304	1,876	269	2,431	7,980	54,660
Loss for the period	—	—	—	—	—	(6,935)	(6,935)
Other comprehensive expense	—	—	—	(657)	—	—	(657)
Total comprehensive expense for the period	—	—	—	(657)	—	(6,935)	(7,592)
At 30 September 2022 (unaudited)	4,800	37,304	1,876	(388)	2,431	1,045	47,068

Note:

- (a) Amount represents statutory reserve of the subsidiaries of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiaries in the PRC are required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	6,444	11,121
NET CASH USED IN INVESTING ACTIVITIES	(2,579)	(15,196)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(17,008)	9,795
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,143)	5,720
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21,664	23,685
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(351)	176
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	8,170	29,581



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 January 2018 under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares (the “**Shares**”) have been listed on GEM of the Stock Exchange on 20 April 2020 (the “**Listing**”). The addresses of the Company’s registered office and principal place of business are disclosed in the section headed “Corporate Information” of this report.

The immediate holding company of the Company is 3C Holding Limited (“**3C Holding**”), a company incorporated in the British Virgin Islands, and ultimately controlled by Mr. Chan Le Bon (“**Mr. LB Chan**”) and Mr. Chan Yu.

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of air cargo terminal operation services, transportation services and warehousing and other value-added services in Hong Kong and the PRC.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis. The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022.

The interim financial information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities position of the Group as at 30 September 2022. In managing the Group’s cash flows, the Group would dispose certain of its motor vehicles in order to improve the Group’s financial position, liquidity and cash flows. In addition, the Group is also taking stringent cost control measures aiming at improving the working capital of the Group.

Taking into account of the above consideration and measures, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the interim financial information on a going concern basis.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior periods. The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for services provided in the normal course of business.

An analysis of the Group’s revenue for respective period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Air cargo terminal operation services				
— Ground handling	24,996	25,953	49,081	50,381
— Ancillary delivery	6,169	17,310	15,984	34,731
Transportation services	26,205	32,542	53,697	60,418
Warehousing and other value-added services	24,747	39,656	55,107	71,977
	82,117	115,461	173,869	217,507

The Group’s operating segment is determined based on information reported to the chief operating decision maker (the “CODM”), being the management of the Group, for the purposes of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on its services and its sole operating segment is the provision of air-cargo terminal operation services, transportation services and warehousing and other value-added services. The CODM monitors the revenue, consolidated results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies which conform with HKFRSs and consistent with those used in the preparation of this report, and without further discrete information. Accordingly, no analysis of segment information other than entity-wide information is presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

During both periods, the Group derives its revenue from the provision of the air cargo terminal operation services, transportation services and warehousing and other value-added services to its customers and the revenue is recognised as a performance obligation satisfied over time as the customers receive and consume the benefits of the Group's performance as it occurs.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is nil as at the end of both reporting periods during the six months ended 30 September 2022 and 2021.

Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operation. For revenue generated from cross-border transportation services, it is presented based on the location where the contract is negotiated and effected.

	Three months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong	79,415	113,144	169,017	212,630
The PRC	2,702	2,317	4,852	4,877
	82,117	115,461	173,869	217,507

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Information about the Group's non-current assets (excluding rental deposits) is presented based on the geographical location of the assets:

As at 30 September and 31 March 2022

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Hong Kong	70,709	65,072
The PRC	2,986	3,173
	73,695	68,245

Information about major customers

Revenue from customers of corresponding periods contributing over 10% of the Group's revenue are as follows:

	Three months ended 30 September 2022 HK\$'000 (unaudited)		Six months ended 30 September 2022 HK\$'000 (unaudited)	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer A	41,797	43,025	70,874	84,702
Customer B	23,189	29,767	52,063	53,689

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

5. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The tax charge comprises:				
Hong Kong Profits Tax — current tax	—	18	—	18
PRC enterprise income tax ("EIT") — current tax	—	—	—	—
	—	18	—	18

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong profits tax has been made as there is no assessable profit arising in or derived from Hong Kong during the six months ended 30 September 2022.

PRC EIT is calculated at 25% of the estimated assessable profits for both periods. Pursuant to the relevant laws and regulations in the PRC, one of the Company's PRC subsidiaries is entitled to 10% PRC EIT for both periods as the subsidiary is qualified as small entities for a reduced tax rate.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

6. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after (crediting)/charging:				
Auditor's remuneration	162	150	325	300
Directors' remuneration	414	398	828	795
Government grants from Employment Support Scheme	(1,709)	—	(2,771)	—
Other staff costs:				
Salaries, discretionary bonuses and other benefits	12,030	11,818	23,363	24,347
Retirement benefits scheme contributions	775	1,160	1,606	1,694
Total staff cost	11,510	13,376	23,026	26,836
Government subsidies received	(519)	—	(1,102)	—

7. DIVIDEND

No dividend for the six months ended 30 September 2022 was paid, declared or proposed by the Board.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

8. (LOSS)/EARNING PER SHARE

The calculation of the basic (loss)/earning per Share is based on the following data:

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

(Loss)/earning:

(Loss)/earning for the period attributable to owners of the Company for the purpose of calculating basic (loss)/earning per Share

(4,385)	844	(6,935)	(467)
---------	-----	---------	-------

Number of shares:

Weighted average number of ordinary Shares for the purpose of basic (loss)/earning per Share

480,000,000	480,000,000	480,000,000	480,000,000
-------------	-------------	-------------	-------------

No diluted (loss)/earning per Share for both periods was presented as there were no potential ordinary Shares in issue.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the six months ended 30 September 2022, the Group acquired approximately HK\$1,269,000 of leasehold improvements, HK\$1,052,000 of motor vehicles, HK\$316,000 of machinery, HK\$111,000 of office equipment and HK\$207,000 of furniture and fixtures (for the six months ended 30 September 2021: HK\$60,000 of leasehold improvements, HK\$87,000 of motor vehicles, HK\$49,000 of machinery, HK\$14,000 of office equipment and HK\$14,000 of furniture and fixtures). During the six months ended 30 September 2022, the Group disposed motor vehicles with carrying value approximately HK\$76,000 (for the six months ended 30 September 2021: nil).

During the six months ended 30 September 2022, the Group did not recognize any right-of-use assets for the motor vehicles (for the six months ended 30 September 2021: approximately HK\$662,000). During the six months ended 30 September 2022, the Group recognized approximately HK\$13,038,000 of right-of-use assets for the office premises and warehouses (for the six months ended 30 September 2021: nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Trade receivables	47,605	52,438
Allowance for expected credit losses ("ECL")	(1,253)	(1,449)
	46,352	50,989
Rental and other deposits	5,367	5,672
Other receivables and prepayments	5,533	4,640
Prepayments to landlord (<i>note</i>)	1,555	2,238
Prepayments to suppliers	—	1,098
Total trade and other receivables	58,807	64,637
Less: non-current rental deposits	(2,528)	(3,333)
Less: current rental deposits	(1,064)	(76)
Less: non-current deposits paid for acquisition of property, plant and equipment	—	(350)
	55,215	60,878

The Group generally allows a credit period ranging from 30 to 60 days to its customers. For certain customers, the Group requests advance payments before its rendering of express delivery services and no credit period is granted by the Group.

Note: Prepayment to landlord represented rental payments paid for lease agreements not yet effective as at 30 September 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

10. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aging analysis of trade receivables, net of allowance for ECL, presented based on the invoice dates, which approximate the revenue recognition dates:

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Within 30 days	37,816	26,267
31 to 60 days	4,532	19,615
61 to 90 days	3,430	4,684
More than 90 days	574	423
	46,352	50,989

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of default on repayments.

The Group determines the ECL for individually significant trade debtors and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers as at 30 September and 31 March 2022 and taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past, and the forward-looking information.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

11. TRADE AND OTHER PAYABLES

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Trade payables	29,540	31,528
Accruals	6,928	7,366
Refundable deposits received from customers	114	114
Other payables	668	590
Other taxes payables	67	74
Total trade and other payables	37,317	39,672

The general credit period on trade payables is 15 to 60 days. Certain suppliers request upfront payment before delivery of services and no credit period has been granted to the Group.

The following is an aging analysis of trade payables, presented based on the invoice date, at the end of each reporting period:

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
0–30 days	15,035	14,288
31–60 days	6,755	12,622
61–90 days	2,334	4,481
Over 90 days	5,416	137
	29,540	31,528

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

12. BANK BORROWINGS

	At 30 September 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
Secured bank loans:		
Variable interest rate	22,000	20,500
Fixed interest rate	20,000	30,000
	42,000	50,500
Carrying amounts that contain a repayable on demand clause and shown under current liabilities and total bank borrowings	42,000	50,500

The bank loans as at 30 September 2022 carry variable interest rate ranged from 2.26% to 3.05% (31 March 2022: ranged from 1.80% to 2.20%) above Hong Kong Interbank Offered Rate ("HIBOR"). The average effective interest rate of the Group was approximately 3.94% per annum as at 30 September 2022 (31 March 2022: 2.75% per annum). The bank loans as at 31 March 2022 and 30 September 2022 were secured by the pledged bank deposits and corporate guarantee provided by the Company.

As at 30 September 2022, there was a technical breach of loan covenants in the banking facility letter that primarily related to the prescribed amount of the consolidated net tangible assets requirement, prescribed current ratio and prescribed interest coverage ratio in the Group. The bank borrowings of HK\$6,000,000 were guaranteed by the Company and secured by pledged bank deposit amounted to HK\$3,000,000 and the entire bank borrowings had been classified as current liabilities as at 30 September 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

13. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 30 September 2022	10,000,000,000	100,000,000
Issued and fully paid:		
At 31 March 2022 (audited) and 30 September 2022 (unaudited)	480,000,000	4,800,000
		HK\$'000
Presented in the consolidated financial statements at 31 March 2022 (audited) and 30 September 2022 (unaudited)		4,800

14. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel of the Company

During the six months ended 30 September 2022 and 2021, the Group entered into the following transactions with related parties:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	—	—
Salaries, discretionary bonuses and other benefits	630	597
Retirement benefits scheme contributions	18	18
Total	648	615

(b) Guarantees provided by a related party

Certain leased motor vehicles of the Group are guaranteed by Mr. Chan Yu, a director of the Company.



Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

The Group is an established air cargo ground handling services provider in Hong Kong. Our air cargo ground handling services principally cover (i) air cargo terminal operation; (ii) transportation; and (iii) warehousing and other value-added services. We utilise our full suite of services to deliver integrated solutions to global express carriers, air cargo terminal operators, freight forwarders and corporates domestically and regionally. The Group has over 20 years of experience in the air cargo ground handling services industry with our headquarter located in Hong Kong.

During the six months ended 30 September 2022, the Group continued to implement its growing strategies and was actively seeking for new business opportunities. Our air freight container freight station warehouse (the “**Air Freight CFS Warehouse**”) in Hutchison Logistics Centre and the warehouse located at ATL Logistics Centre, both situated in the center hub of Hong Kong logistics business, Kwai Chung, allow us to provide a one stop logistics service including local transportation, warehousing and cargos-screening services to our customers.

However, we are still affected by the continuous impact brought by the COVID-19 pandemic. With the stringent COVID-19 prevention and control measures implemented in the PRC, especially the implementation of the closed-loop management system and the limited daily quota for the cross-border truck drivers entering from Hong Kong, both resulted in a limitation for us to provide cross-border transportation services. Trade between Hong Kong and the PRC has been affected by the difficulties of moving goods across borders during the pandemic, leading to a higher cost and longer delivery time for transshipment which resulted in a general decrease in the volume of cargoes we handled for our customers. Moreover, the continuous high rising fuel price also adversely affected our profitability, as we are not able to transfer the increased cost to our customers in a short run.

Looking forward, we will closely monitor the development of the pandemic and react actively to the market situation. We will also continue to utilise our existing industry knowledge to expand our core strengths and to explore more business opportunities. At the same time, we will also continue to implement careful cost control measures to deal with the new logistics environment under the pandemic, in order to strengthen our competitiveness in the logistics industry.

FINANCIAL REVIEW

Revenue

Our Group's revenue was principally generated from (i) air cargo terminal operation services; (ii) transportation services; and (iii) warehousing and other value-added services. We provide our services to (i) express carriers; (ii) air cargo terminal operators; (iii) freight forwarders; and (iv) direct customers comprising corporates and individual customers. Our revenue is measured at the fair value of the consideration or receivable and represents amounts receivable for services provided in the normal course of business. Please refer to note 4 of the condensed consolidated financial statements for the breakdown of our revenue by services segments during the six months ended 30 September 2022.

Our overall revenue decreased by approximately HK\$43.6 million or 20.1% from approximately HK\$217.5 million for the six months ended 30 September 2021 to approximately HK\$173.9 million for the six months ended 30 September 2022. Such decrease was mainly due to the worsened external environment and the continuous disruptions of cross boundary land cargo flows which created a serious blow to Hong Kong's exports and the business volume of our Group. In overseas, the large shift of spending power towards services rather than goods, reversing a pandemic trend, has also adversely affected the volume of cargo handled by our major customers.



Management Discussion and Analysis (Continued)

Other income

Other income increased by approximately HK\$0.3 million or 31.2% to approximately HK\$1.4 million for the six months ended 30 September 2022 as compared to that of approximately HK\$1.0 million for the six months ended 30 September 2021. Other income for the six months ended 30 September 2022 mainly represented (i) the subsidies from the “Pilot Subsidy Scheme for Third-party Logistics Service Providers”, launched by the Hong Kong Government on encouraging the adoption of technology by the logistics sector for enhancing efficiency and productivity of approximately HK\$0.5 million; (ii) one-off non-accountable subsidy for Hong Kong cross-boundary goods vehicle owners under the sixth round of anti-epidemic fund of approximately HK\$0.3 million; and (iii) government subsidies received upon disposal of qualified commercial motor vehicles amounted to approximately HK\$0.3 million. Whereas, other income for the six months ended 30 September 2021 mainly represented the said subsidies from the “Pilot Subsidy Scheme for Third-party Logistics Service Providers”, which amounted to approximately HK\$0.5 million.

Other gains and losses

Other gains and losses mainly represented the exchange gain and loss and the net gain and loss on change in fair value of financial assets at fair value through profit or loss. Our Group recorded a net loss in other gains and losses of approximately HK\$0.6 million and HK\$157,000 for the six months ended 30 September 2022 and 2021, respectively.

Employee benefits expenses

Employee benefits expenses consisted primarily of wages and salaries, retirement benefits scheme contributions and other allowances and benefits. The employee benefits expenses decreased by approximately HK\$3.6 million or 13.6% from approximately HK\$26.7 million for the six months ended 30 September 2021 to approximately HK\$23.0 million for the six months ended 30 September 2022. Such decrease was mainly due to the government grants received under the Employment Support Scheme of approximately HK\$2.8 million for the six months ended 30 September 2022 which was used to offset the employee benefits expenses.

Dispatch labour costs

The dispatch labour costs represented the amount paid to our dispatched work agencies for the provision of our air cargo ground handling and warehousing services. It slightly decreased by approximately HK\$0.2 million or 0.3% to approximately HK\$63.5 million for the six months ended 30 September 2022 as compared to that of approximately HK\$63.7 million for the six months ended 30 September 2021.

Depreciation of property, plant and equipment and right-of-use assets

For the six months ended 30 September 2022, the depreciation of property, plant and equipment and right-of-use assets amounted to approximately HK\$9.8 million, representing a decrease of approximately HK\$0.4 million or 3.8% as compared to that of approximately HK\$10.2 million for the six months ended 30 September 2021. Such decrease was mainly due to certain motor vehicles being fully depreciated during the six months ended 30 September 2022.



Management Discussion and Analysis (Continued)

Transportation costs

Transportation costs decreased by approximately HK\$30.8 million or 31.2% to approximately HK\$67.9 million for the six months ended 30 September 2022 as compared to that of approximately HK\$98.7 million for the six months ended 30 September 2021. Such decrease was mainly due to the decrease in service fees paid to external transportation service providers for the warehousing and other value-added services business.

Warehousing operating costs

Warehousing operating costs decreased by approximately HK\$1.1 million or 7.7% to approximately HK\$12.9 million for the six months ended 30 September 2022 as compared to that of approximately HK\$14.0 million for the six months ended 30 September 2021. Such decrease was mainly benefited from the careful cost control measures implemented by the Group.

Other expenses

Our other expenses mainly included utilities expenses, insurance, professional fees and other miscellaneous operating expenses. It decreased by approximately HK\$1.6 million or 34.3% to approximately HK\$3.1 million for the six months ended 30 September 2022 as compared to that of approximately HK\$4.7 million for the six months ended 30 September 2021, which was benefited from the decrease in professional fees incurred and strict cost control measures implemented by the Group during the period. For the six months ended 30 September 2022, the Group has also donated HK\$150,000 to certain charitable organisations (for the six months ended 30 September 2021: HK\$230,000).

Finance costs

Our finance costs increased by approximately HK\$0.2 million or 16.5% to approximately HK\$1.5 million for the six months ended 30 September 2022 as compared to that of approximately HK\$1.3 million for the six months ended 30 September 2021, which was primarily due to the increased level of bank borrowings during the six months ended 30 September 2022.

Income tax expenses

The income tax expenses decreased by approximately HK\$18,000 for the six months ended 30 September 2022 as compared to that for the six months ended 30 September 2021, as there was no assessable profit for the six months ended 30 September 2022.

(Loss)/profit for the period

For the six months ended 30 September 2022, our Group recorded a net loss of approximately HK\$6.9 million (for the six months ended 30 September 2021: HK\$0.5 million). The increase in net loss for the six months ended 30 September 2022 was mainly due to the worsened external environment and the continuous disruptions of cross-boundary land cargo flows which created a serious blow to Hong Kong's exports and adversely affected the Group's revenue generated during the relevant period.



Management Discussion and Analysis (Continued)

Trade receivables and trade payables turnover cycle

The turnover days for trade receivables for the six months ended 30 September 2022 were approximately 51 days (for the year ended 31 March 2022: approximately 52 days), which remained relatively stable for both periods.

The turnover days for trade payables for the six months ended 30 September 2022 were approximately 39 days (for the year ended 31 March 2022: approximately 36 days), which remained relatively stable for both periods.

Borrowings

As at 30 September 2022, the Group's bank borrowings balance amounted to approximately HK\$42.0 million (as at 31 March 2022: approximately HK\$50.5 million) with variable interest rate. The average effective interest rate of the Group was approximately 3.9% per annum as at 30 September 2022 (as at 31 March 2022: approximately 2.8%). The Group's bank borrowings were denominated in HK\$.

The Group's net gearing ratio is calculated by dividing total bank borrowings and lease liabilities by total equity. As at 30 September 2022, the Group's gearing ratio was approximately 160.4% (as at 31 March 2022: approximately 146.7%). Such increase was primarily due to the decrease in total equity.

Pledge of assets

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Bank deposits of approximately HK\$18.0 million and HK\$19.0 million as at 30 September 2022 and 31 March 2022, respectively, have been pledged to secure short-term bank loans and undrawn facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed 205 (as at 31 March 2022: 203) full time employees. Staff cost (excluding directors emoluments) amounted to approximately HK\$22.2 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$26.0 million) and the directors' emoluments was approximately HK\$0.8 million for the six months ended 30 September 2022 (for the six months ended 30 September 2021: approximately HK\$0.8 million) included in the employee benefit expenses. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions. The Company has adopted a share option scheme to recognize and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group.

The Group has also provided various training programmes to educate and remind the employees of the importance and correct practices for health and safety in the workplace.



Management Discussion and Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2022 and 31 March 2022 was approximately 0.9 and 1.0 times, respectively. As at 30 September 2022, the Group had total bank balances and cash, which was denominated in HK\$ and RMB of approximately HK\$8.2 million (as at 31 March 2022: approximately HK\$21.7 million). With available bank balances, cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group's revenue generating operations are mainly transacted in HK\$ and RMB, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise.

COMMITMENT

As at 30 September 2022, the Group did not incur any significant capital commitments (as at 31 March 2022: approximately HK\$0.4 million for acquiring leasehold improvements).

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 20 April 2020 (the "**Listing Date**"). There has been no change in the Company's capital structure since the Listing. The capital structure of the Company consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. From the Listing Date to the date of this report, the Company had 480,000,000 Shares in issue. The Directors will review the Group's capital structure regularly. As part of such review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 4 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 September 2022, there was no significant contingent liabilities for the Group.



Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2022. Save as disclosed in this report, the Group has no plan for other material investments or acquisitions of capital assets as at 30 September 2022.

DIVIDEND

No dividend for the six months ended 30 September 2022 was paid, declared or proposed by the Board (for the six months ended 30 September 2021: nil).



Disclosure of Additional Information

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the 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**”). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2022. 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 the securities of the Company when he would be prohibited from dealing by the Model Code as if he was a Director.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2022, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “**SFO**”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Company

Long positions in the ordinary Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held (Note i)	Approximate percentage of the Company’s issued share capital
Mr. Chan Le Bon	Interest in a controlled corporation (Note ii)	330,120,000	68.8%
Mr. Choy Wing Hang, William (“ Mr. William Choy ”)	Interest in a controlled corporation (Note iii)	29,880,000	6.2%

Disclosure of Additional Information (Continued)

Notes:

- (i) All interests in the Shares are in long position.
- (ii) The Shares are owned by 3C Holding Limited. The entire issued share capital of 3C Holding Limited is owned as to 95% by Mr. Chan Le Bon and as to 5% by Mr. Chan Yu, respectively. Mr. Chan Le Bon is deemed to be interested in such number of Shares held by 3C Holding Limited.
- (iii) Diligent City Limited owns approximately 6.2% of the entire issued share capital of the Company. Mr. William Choy is deemed to be interested in such number of Shares held by Diligent City as Mr. William Choy owns 100% of Diligent City Limited.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as the Directors are aware, the following persons (other than the Director and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed 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:

Long positions in the ordinary Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held (Note i)	Approximate percentage of the Company's issued share capital
3C Holding Limited	Beneficial owner	330,120,000	68.8%
Diligent City Limited	Beneficial owner	29,880,000	6.2%
Ms. Leung Song	Interest of spouse (Note ii)	29,880,000	6.2%

Notes:

- (i) All interests in the Shares are in long position.
- (ii) Ms. Leung Song is the spouse of Mr. William Choy. Ms. Leung Song is deemed to be interested in the same number of Shares in which Mr. William Choy is deemed to be interested in under the SFO.

Save as disclosed above, as at 30 September 2022, the Company has not been notified of any other persons (other than the Director or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



Disclosure of Additional Information (Continued)

SHARE OPTION SCHEME

The Company's share option scheme (the **"Scheme"**) was conditionally adopted by the written resolutions of the shareholders of the Company passed on 27 March 2020. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including director, employee, non-executive director, supplier, customer, person or entity providing research, development or other technological support, shareholder, adviser or consultant to the area of business or business development, and 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 development and growth of the Group, options to subscribe for shares. The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

For the six months ended 30 September 2022, no share option has been granted, exercised, expired or lapsed and there is no outstanding option under the Scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director of the Company or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2022.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

For the six months ended 30 September 2022, there had been no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.



Disclosure of Additional Information (Continued)

COMPETING INTERESTS

For the six months ended 30 September 2022, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition (the “**Deed of Non-competition**”) dated 23 March 2020 was executed in favour of the Company (for itself and as trustee for each of its subsidiaries) by 3C Holding Limited, Mr. Chan Le Bon and Mr. Chan Yu (collectively the “**Controlling Shareholders**”) regarding certain non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with Controlling Shareholders”. The Controlling Shareholders have confirmed to the Company that from the effective date of the Deed of Non-competition and up to the date of this report, the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

COMPLIANCE ADVISER’S INTEREST

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited (“**Giraffe**”) as its new compliance adviser with effect from 1 September 2020. For further details, please refer to the announcement of the Company in relation to the change of compliance adviser dated 1 September 2020.

As notified by Giraffe, save for the compliance adviser agreement entered into between the Company and Giraffe, neither Giraffe nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Company or any member of the Group (including interest in the securities of the Company or any member of the Group, and options or rights to subscribe for such securities) during the six months ended 30 September 2022, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee (the “**Audit Committee**”), a nomination committee and a remuneration committee with specific written terms of reference. During the six months ended 30 September 2022, the Company has complied with all the code provisions set out in Part 2 of the CG Code.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.



Disclosure of Additional Information (Continued)

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

There are no changes in the Directors' information required to be disclosed pursuant to Rule 17.50(2) (a) to (e) and (g) of the GEM Listing Rules from the date of last annual report to the date of this interim report.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2020, with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Fu Lui (chairman), Mr. Chan Chi Ho and Ms. Chui Sin Heng, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim report of the Group for the six months ended 30 September 2022. The Audit Committee is of the view that the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2022 complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place after 30 September 2022 and up to the date of this report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim report is published on the Company's website (<http://www.asia-expresslogs.com>) and the website (www.hkexnews.hk) of the Stock Exchange.

The 2022/2023 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company pursuant to Rule 18.03 of the GEM Listing Rules.

On behalf of the Board

Mr. Chan Le Bon
Chairman

Hong Kong, 14 November 2022