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GRAND POWER LOGISTICS GROUP LIMITED

裕程物流集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8489)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Power Logistics Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2024, 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 the preliminary announcement of the interim results 2024 is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.grandpowerexpress.com.

By order of the Board

Grand Power Logistics Group Limited

Chiu Ricky Tong

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 August 2024

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

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 belief, 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 “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company’s website at www.grandpowerexpress.com.

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Wong Sheng Ning Candace
Mr. Heung Wai Keung

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Li Chun Fung

AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong
Mr. Tse Chi Kwan Decky

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

FINANCIAL REPORTING COMMITTEE

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

AUDITOR

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

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

WEBSITE ADDRESS

www.grandpowerexpress.com

STOCK CODE

8489

INTERIM UNAUDITED RESULTS

HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the six months ended 30 June 2024 was approximately HK\$426.6 million (2023: approximately HK\$322.5 million), representing an increase of approximately 32.3% as compared with that for the corresponding period in 2023.
- The Group recorded a loss attributable to ordinary equity holders of the Company of approximately HK\$11.1 million for the six months ended 30 June 2024 (2023: approximately HK\$6.1 million).
- The basic and diluted losses per share of the Company were approximately HK3.68 cents for the six months ended 30 June 2024 (2023: approximately HK2.04 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 2024, together with the comparative unaudited figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	426,604	322,510
Cost of services		(416,083)	(304,689)
Gross profit		10,521	17,821
Other income	4	505	618
Administrative and other operating expenses		(20,040)	(23,724)
Provision for impairment loss on trade receivables		(211)	379
Finance costs	5	(1,829)	(858)
Loss before income tax	5	(11,054)	(5,764)
Income tax expenses	6	–	(344)
Loss for the period		(11,054)	(6,108)
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		2,918	(3,848)
Total comprehensive loss for the period		(8,136)	(9,956)
		HK cents	HK cents
Losses per share attributable to owners of the Company			
Basic and diluted	7	(3.68)	(2.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	29,555	30,852
Deferred tax assets		348	348
Other receivables	10	82	82
		29,985	31,282
Current assets			
Trade and other receivables	10	201,456	219,709
Tax recoverable		–	4,459
Pledged bank deposits		30,314	30,221
Bank balances and cash		27,986	25,911
		259,756	280,300
Current liabilities			
Trade and other payables	11	114,362	120,633
Interest-bearing borrowings	12	47,312	53,484
Lease liabilities		1,193	1,740
Deferred income		487	487
		163,354	176,344
Net current assets		96,402	103,956
Total assets less current liabilities		126,387	135,238
Non-current liability			
Lease liabilities		105	820
Total non-current liability		105	820
NET ASSETS		126,282	134,418

		At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
	Notes		
Capital and reserves			
Share capital	13	3,000	3,000
Reserves		123,282	131,418
TOTAL EQUITY		126,282	134,418

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Reserves						Total
	Share capital	Share premium (Note a)	Capital reserve (Note b)	Translation reserve	Statutory reserve	Accumulated (losses)/ profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	3,000	35,986	97,438	(1,587)	110	1,566	136,513
Loss for the period	—	—	—	—	—	(6,108)	(6,108)
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(3,848)	—	—	(3,848)
Total comprehensive loss for the period	—	—	—	(3,848)	—	(6,108)	(9,956)
At 30 June 2023 (unaudited)	3,000	35,986	97,438	(5,435)	110	(4,542)	126,557
At 1 January 2024 (audited)	3,000	35,986	97,438	(2,177)	110	61	134,418
Loss for the period	—	—	—	—	—	(11,054)	(11,054)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	2,918	—	—	2,918
Total comprehensive income/(loss) for the period	—	—	—	2,918	—	(11,054)	(8,136)
At 30 June 2024 (unaudited)	3,000	35,986	97,438	741	110	(10,993)	126,282

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	6,453	2,417
INVESTING ACTIVITIES		
Interest received	138	130
Net cash from investing activities	138	130
FINANCING ACTIVITIES		
Repayment of interest-bearing borrowings	(6,172)	—
Repayment of lease liabilities	(1,262)	(609)
Net cash used in financing activities	(7,434)	(609)
Net (decrease)/increase in cash and cash equivalents	(843)	1,938
Cash and cash equivalents at beginning of the period	25,911	29,553
Effect on exchange rate changes	2,918	(3,848)
Cash and cash equivalents at the end of period, represented by bank balances and cash	27,986	27,643

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 2024 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 2024 are consistent with those adopted in preparing the 2023 Annual Report except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 2024 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 2024 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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
within HKFRS 15		
Air-freight forwarding services	417,952	317,518
Ocean-freight forwarding services	8,652	4,992
	426,604	322,510

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
— Over time		
Air-freight forwarding services	417,952	317,518
Ocean-freight forwarding services	8,652	4,992
	426,604	322,510

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 2024			
Revenue			
Export	417,900	8,337	426,237
Import	52	315	367
Segment revenue	417,952	8,652	426,604
Segment results	10,386	135	10,521
Unallocated income and expenses:			
Other income			505
Administrative and other operating expenses			(20,040)
Provision for impairment loss on trade receivables			(211)
Finance costs			(1,829)
Loss before income tax			(11,054)
Income tax expense			-
Loss for the period			(11,054)

Air-freight
forwarding
HK\$'000
(Unaudited)

Ocean-freight
forwarding
HK\$'000
(Unaudited)

Total
HK\$'000
(Unaudited)

Six months ended 30 June 2023

Revenue

Export	317,360	4,992	322,352
Import	158	—	158

Segment revenue	317,518	4,992	322,510
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Segment results	16,908	913	17,821
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Unallocated income and expenses:

Other income			618
Administrative and other operating expenses			(23,724)
Provision for impairment loss on trade receivables			379
Finance costs			(858)

Loss before income tax			(5,764)
Income tax expenses			(344)

Loss for the period			(6,108)
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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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Europe	160,861	95,368
Asia	22,210	17,560
North America	234,936	196,910
Others	8,230	12,514
	426,237	322,352

Revenue generated from import shipments by origin

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Europe	256	—
Asia	92	158
North America	18	—
Others	1	—
	367	158

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A from air freight forwarding segment	—*	85,095
Customer B from air freight forwarding segment	—*	43,683
Customer C from air freight forwarding segment	97,639	—*
Customer D from air freight forwarding segment	44,982	—*

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

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	138	130
Recovery of bad debts previously written-off	15	—
Sundry income	352	488
	505	618

5. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing borrowings	1,799	792
Interest on lease liabilities	30	66
	1,829	858
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowance and other benefits in kind	7,432	9,745
Contributions to defined contribution plans	426	449
	7,858	10,194
Other items		
Depreciation	874	768
Exchange loss, net	524	132
Recovery of bad debts previously written-off	15	—

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax		
Current year	—	344

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 2024 and 2023.

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 2024 and 2023.

7. LOSSES PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Losses for the period attributable to owners of the Company used in basic and diluted losses per share calculation	(11,054)	(6,108)
	'000	'000
	(Unaudited)	(Unaudited)
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted losses per share calculation	300,000	300,000

Diluted losses per share are same as the basic losses per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

8. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2024 and 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group had acquired no property, plant and equipment (2023: HK\$19,000). No property, plant and equipment (2023: nil) were written off or disposed of during the six months ended 30 June 2024.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables	188,267	219,285
Less: Loss allowances	(2,327)	(2,117)
	185,940	217,168
Other receivables and prepayments		
Prepayments	152	107
Deposits and other receivables	15,464	2,599
Less: loss allowances	(18)	(83)
	15,598	2,623
	201,538	219,791
Analysed into:		
Current portion	201,456	219,709
Non-current portion	82	82
	201,538	219,791

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Within 30 days	82,318	95,812
31 to 60 days	74,451	97,794
61 to 90 days	15,075	17,260
Over 90 days	14,096	6,302
	185,940	217,168

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Not yet due	156,769	193,606
Past due:		
Within 30 days	15,075	17,260
31 to 90 days	4,750	6,300
Over 90 days	9,346	2
	29,171	23,562
	185,940	217,168

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade payables	94,812	114,731
Other payables		
Accruals and other payables	19,550	3,426
Salaries payables	—	2,476
	19,550	5,902
	114,362	120,633

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Within 30 days	77,107	84,839
31 to 60 days	11,350	28,920
61 to 90 days	1,991	600
Over 90 days	4,364	372
	94,812	114,731

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Interest-bearing borrowings — secured	47,312	53,484

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 2024 and 31 December 2023 and normally be renewed with banks upon expiry/maturity.

The weighted average effective interest rates of the interest-bearing borrowings at 30 June 2024 and 31 December 2023 are approximately 3.43% and 5.99%, respectively.

The interest-bearing borrowings are secured by:

- i) certain leasehold properties with an aggregate net carrying amount at the end of the reporting period of approximately HK\$29,353,000 (31 December 2023: HK\$28,595,000); and
- ii) pledged bank deposits with carrying amount at the end of the reporting period of HK\$30,314,000 (31 December 2023: HK\$30,221,000).

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 2024 and 31 December 2023, none of the covenants relating to drawn down facilities had been breached.

13. SHARE CAPITAL

	At 30 June 2024 (Unaudited)		At 31 December 2023 (Audited)	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At the beginning and the end of the reporting period	300,000,000	3,000	300,000,000	3,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is a long-established freight forwarder headquartered in Hong Kong, with sales forces in Hong Kong and five regional offices in the People's Republic of China (the "PRC"), including Shanghai, Shenzhen, Guangzhou, Xiamen and Suzhou, focusing on the market in Hong Kong, the PRC and Macau.

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

REVENUE

The Group derives its revenue from two business segments, namely air freight forwarding services and ocean freight forwarding services, which include both import and export of goods. For the six months ended 30 June 2024, the Group recorded a revenue of approximately HK\$426.6 million (2023: approximately HK\$322.5 million), representing an increase of approximately 32.3% as compared with that of the corresponding period in 2023. Such increase was due to the development of new customers for both the air freight and ocean freight forwarding services of the Group during the six months ended 30 June 2024.

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

	Six months ended 30 June			
	2024		2023	
	(Unaudited)		(Unaudited)	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Air freight forwarding	417,952	98.0	317,518	98.5
Ocean freight forwarding	8,652	2.0	4,992	1.5
	426,604	100.0	322,510	100.0

Air freight forwarding

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

The Group's revenue from the air freight forwarding segment increased by approximately 31.7% to approximately HK\$418.0 million for the six months ended 30 June 2024 (2023: approximately HK\$317.5 million).

Ocean freight forwarding

The Group's revenue from the ocean freight forwarding segment increased by approximately 74.0% to approximately HK\$8.7 million for the six months ended 30 June 2024 (2023: approximately HK\$5.0 million).

Cost of services

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

The Group's cost of services increased by approximately 36.6% to approximately HK\$416.1 million for the six months ended 30 June 2024 (2023: approximately HK\$304.7 million), which was due to the increase in the cost of freight services, especially airline fees, during the six months ended 30 June 2024.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 41.0% to approximately HK\$10.5 million for the six months ended 30 June 2024 (2023: approximately HK\$17.8 million), the profit margin decreased from approximately 5.5% for the six months ended 30 June 2023 to approximately 2.5% for the six months ended 30 June 2024 as a result of the Group's inability to transfer the ongoing high costs imposed by the airlines to its customers during the industry's off-season period due to the challenging economic environment.

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 decreased by approximately 15.6% to approximately HK\$20.0 million for the six months ended 30 June 2024 (2023: approximately HK\$23.7 million) due to the decrease in staff costs and expenses for business development with suppliers and customers.

Taxation

The Group recorded no tax expenses for the six months ended 30 June 2024 (2023: approximately HK\$0.3 million).

Loss for the period

Due to the above factors, despite the improvement in revenue during the six months ended 30 June 2024, the Group still recorded a net loss of approximately HK\$11.1 million for the six months ended 30 June 2024 (2023: approximately HK\$6.1 million).

Liquidity and financial resources

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

The Group's gearing ratio, which is calculated based on the total debts divided by total equity as at the respective dates, was approximately 38.5% as at 30 June 2024 (31 December 2023: approximately 41.7%). As at 30 June 2024, the Group's total debts were approximately HK\$48.6 million (31 December 2023: approximately HK\$56.0 million) and the total equity was approximately HK\$126.3 million (31 December 2023: approximately HK\$134.4 million).

The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities at the respective dates, was approximately 1.6 as at 30 June 2024 (31 December 2023: approximately 1.6).

As at 30 June 2024, the Group had cash and bank balances of approximately HK\$28.0 million (31 December 2023: approximately HK\$25.9 million). The cash and cash equivalents of the Group are denominated in HK\$, United States dollar ("**US\$**") and Renminbi ("**RMB**") and in aggregate amounted to approximately HK\$28.0 million as at 30 June 2024 (31 December 2023: approximately HK\$25.9 million). The pledged bank deposits of the Group are denominated in HK\$ and amounted to approximately HK\$30.3 million as at 30 June 2024 (31 December 2023: approximately HK\$30.2 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 2024, the Group's net cash generated from operating activities was approximately HK\$6.5 million (2023: approximately HK\$2.4 million), net cash from investing activities was approximately HK\$0.1 million (2023: approximately HK\$0.1 million) and net cash used in financing activities was approximately HK\$7.4 million (2023: approximately HK\$0.6 million).

As at 30 June 2024, the interest-bearing borrowings were made in HK\$ (31 December 2023: HK\$) and amounted to approximately HK\$47.3 million (31 December 2023: approximately HK\$53.5 million). Particulars of the interest-bearing borrowings of the Group are set out in note 12 to the condensed consolidated financial statements in this report.

Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

Future plans for material investments and capital assets

As at 30 June 2024, the Group did not have any other plans for material investments and capital assets.

Capital structure

As at 30 June 2024, 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 of the Company (the “**Shares**”) was 300,000,000 with a par value of HK\$0.01 each (31 December 2023: 300,000,000 Shares).

Pledge of/charge on assets

As at 30 June 2024, the bank and other borrowings of the Group were secured by certain leasehold land and buildings, property insurance on the pledged leasehold land and buildings, pledged bank deposits and guarantees provided by the Government of the Hong Kong Special Administrative Region, details of which are set out in note 12 to the condensed consolidated financial statements in this interim report.

Contingent liabilities

The Group did not have any significant contingent liability as at 30 June 2024 (31 December 2023: Nil).

Capital commitments

The Group did not have any capital commitment as at 30 June 2024 (31 December 2023: Nil).

Financial management and treasury policy

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

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

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

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

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

Foreign exchange exposure

The Group's operating subsidiaries incorporated in Hong Kong operate with most transactions being settled in HK\$, except for certain transactions which are denominated in US\$ or other currencies. The Group's operating subsidiaries incorporated in the PRC operate in the PRC and their functional currency is RMB. The Group's transactions are mainly denominated in HK\$, US\$ and RMB. As at 30 June 2024, 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 2024, the Group had 36 (31 December 2023: 43) full-time employees. Total staff costs for the six months ended 30 June 2024 and the six months ended 30 June 2023 were approximately HK\$7.9 million and HK\$10.2 million, respectively.

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

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

OUTLOOK AND PROSPECTS

The freight forwarding industry will continue to face changes due to various challenges such as war, geopolitics, inflation, overcapacity, workforce transformation, and new policies and regulations during the second half of 2024. All these changes are driving reconfiguration, reshoring, and digitalization in the industry. However, they also pose challenges such as a poor economy, geopolitical risks, rising costs with lower freight prices and a shortage of depot space for goods. The Group will need to develop innovative solutions to remain competitive, such as exploring new supply chain routes, optimizing operations, and adopting digital technologies. Looking forward, with the aim of further developing its business and continuing its growth, the Group will continue to implement the following strategies:

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the Shares during the six months ended 30 June 2024.

DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter. 571 of the Laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules (the “**Model Code**”) were as follows:

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

Notes:

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

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

Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in the Model Code.

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

As at 30 June 2024, 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)	Approximate Percentage of Shareholding
		(Note 1)	
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 2024, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations” above, had notified the Company of an interest or short position in the Shares, underlying Shares or debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, with an effective life of 10 years from the Listing Date. There were no outstanding options as at 30 June 2024. No options had been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As at 30 June 2024, the maximum number of Shares underlying all grants to be made pursuant to the Share Option Scheme shall not exceed 30,000,000 Shares, representing 10% of the total number of issued Shares as at 30 June 2024 (1 January 2024: 30,000,000).

COMPETING INTERESTS

The Directors were not aware of any business or interest of Directors nor the controlling Shareholders nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the six months ended 30 June 2024.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules, save and except the deviation below:

Chairman and Chief Executive Officer

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

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she 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 2024. 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 2024.

AUDIT COMMITTEE

This report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024 has 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 2024 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, 28 August 2024