

*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.*



## **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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Power Logistics Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the nine months ended 30 September 2023. This announcement, containing the full text of the third quarterly report of the Company for the nine months ended 30 September 2023 (“**2023 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany the preliminary announcement of the third quarterly results. Printed version of the 2023 Third Quarterly 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](http://www.hkexnews.hk) and of the Company at [www.grandpowerexpress.com](http://www.grandpowerexpress.com) in due course.

By order of the Board

**Grand Power Logistics Group Limited**

**Chiu Ricky Tong**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 10 November 2023

*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 Announcement” page of the Stock Exchange’s website at [www.hkexnews.hk](http://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](http://www.grandpowerexpress.com).*

## CHARACTERISTICS OF GEM (“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 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 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 report.*

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

*This report will be available on the Company’s website at [www.grandpowerexpress.com](http://www.grandpowerexpress.com) and will remain on the “Latest Listed Company Announcement” page on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication.*

# CONTENTS

Corporate Information	3
Third Quarterly Unaudited Results	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Changes in Equity	7
Notes to the Unaudited Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	19
Other Information	24

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

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

#### Non-executive Directors

Ms. Wong Sheng Ning Candace  
Mr. Heung Wai Keung

#### Independent non-executive Directors

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

### COMPANY SECRETARY

Mr. Li Chun Fung

### COMPLIANCE ADVISER

VBG Capital Limited

### COMPLIANCE OFFICER

Mr. Chiu Ricky Tong

### AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong  
Mr. Tse Chi Kwan Decky

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### FINANCIAL REPORTING COMMITTEE

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

## **AUDITOR**

Ernst & Young  
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](http://www.grandpowerexpress.com)

## **STOCK CODE**

8489

## THIRD QUARTERLY UNAUDITED RESULTS

### HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the nine months ended 30 September 2023 (“**Q32023**”) was approximately HK\$529.8 million (nine months ended 30 September 2022 (“**Q32022**”): approximately HK\$517.8 million), representing an increase of approximately 2.3% as compared with that of Q32022.
- The Group recorded a net loss of approximately HK\$5.5 million for Q32023 (Q32022: net loss of approximately HK\$8.8 million).
- The basic and diluted losses per share of the Company was approximately HK1.82 cents for Q32023 (Q32022: approximately HK2.94 cents).

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for Q32023, together with the comparative unaudited figures for Q32022 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>207,242</b>	151,184	<b>529,752</b>	517,774
Cost of services		<b>(194,810)</b>	(148,323)	<b>(499,499)</b>	(495,614)
Gross profit		<b>12,432</b>	2,861	<b>30,253</b>	22,160
Other income	4	<b>140</b>	396	<b>758</b>	463
Administrative and other operating expenses (Provision)/reversal of provision for impairment loss on trade receivables		<b>(11,092)</b>	(11,131)	<b>(34,816)</b>	(31,006)
Finance costs	5	<b>(69)</b>	450	<b>310</b>	755
		<b>(703)</b>	(343)	<b>(1,561)</b>	(1,206)
<b>Profit/(loss) before income tax</b>	5	<b>708</b>	(7,767)	<b>(5,056)</b>	(8,834)
Income tax (expenses)/credit	6	<b>(73)</b>	319	<b>(417)</b>	—
<b>Profit/(loss) for the period</b>		<b>635</b>	(7,448)	<b>(5,473)</b>	(8,834)
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on consolidation		<b>(953)</b>	(1,644)	<b>(4,801)</b>	(3,983)
<b>Total comprehensive loss for the period</b>		<b>(318)</b>	(9,092)	<b>(10,274)</b>	(12,817)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Earnings/(losses) per share attributable to owners of the Company</b>					
Basic and diluted	7	<b>0.21</b>	(2.48)	<b>(1.82)</b>	(2.94)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Reserves						Total
	Share capital	Share premium (Note a)	Capital reserve (Note b)	Translation reserve	Statutory reserve	(Accumulated losses)/ retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	3,000	35,986	97,438	246	110	29,156	165,936
Loss for the period	—	—	—	—	—	(8,834)	(8,834)
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss</i> Exchange differences on consolidation	—	—	—	(3,983)	—	—	(3,983)
<b>Total comprehensive loss for the period</b>	—	—	—	(3,983)	—	(8,834)	(12,817)
At 30 September 2022 (unaudited)	3,000	35,986	97,438	(3,737)	110	20,322	153,119
At 1 January 2023 (audited)	<b>3,000</b>	<b>35,986</b>	<b>97,438</b>	<b>(1,587)</b>	<b>110</b>	<b>1,566</b>	<b>136,513</b>
Loss for the period	—	—	—	—	—	(5,473)	(5,473)
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss</i> Exchange differences on consolidation	—	—	—	(4,801)	—	—	(4,801)
<b>Total comprehensive loss for the period</b>	—	—	—	(4,801)	—	(5,473)	(10,274)
At 30 September 2023 (unaudited)	<b>3,000</b>	<b>35,986</b>	<b>97,438</b>	<b>(6,388)</b>	<b>110</b>	<b>(3,907)</b>	<b>126,239</b>

Note a: Share premium represents the excess of the net proceeds from issuance of the Company's share over its 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 share offer; and (ii) staff costs borne by Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace (together the "Ultimate Controlling Party") in prior years.



# NOTES TO THE UNAUDITED 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 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 in Hong Kong 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.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 (the “**Condensed Consolidated Financial Statements**”) 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 Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual report of the Company for the year ended 31 December 2022 except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

## HKFRSs as at 30 September 2023

HKICPA has issued the following revised HKFRSs, which are effective for the financial year ending 31 December 2023:

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in this unaudited condensed consolidated interim financial information.

### **Amends to HKAS 8 "Definition of Accounting Estimates"**

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the interim financial information.

## Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the interim financial information but is expected to affect the disclosures of the Group’s accounting policies in the Group’s annual consolidated financial statements for the year ending 31 December 2023.

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

The preparation of the Condensed Consolidated Financial Statements 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 Condensed Consolidated Financial Statements have not been audited by the Company's auditors but have been reviewed by the audit committee of the Company (the "Audit Committee").

### 3. REVENUE

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Air-freight forwarding services	202,774	132,211	520,292	444,299
Ocean-freight forwarding services	4,468	18,973	9,460	73,475
	<b>207,242</b>	151,184	<b>529,752</b>	517,774

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition:				
— Over time				
Air-freight forwarding services	202,774	132,211	520,292	444,299
Ocean-freight forwarding services	4,468	18,973	9,460	73,475
	<b>207,242</b>	151,184	<b>529,752</b>	517,774

## 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 resources 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 and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resources 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)
<b>Nine months ended</b>			
<b>30 September 2023</b>			
<b>Revenue</b>			
Export	520,134	9,340	529,474
Import	158	120	278
<hr/>			
Segment revenue	520,292	9,460	529,752
<hr/>			
Segment results	28,233	2,020	30,253
<hr/>			
Unallocated income and expenses:			
Other income			758
Administrative and other operating expenses			(34,816)
Reversal of provision for impairment loss on trade receivables			310
Finance costs			(1,561)
<hr/>			
Loss before income tax			(5,056)
Income tax expenses			(417)
<hr/>			
Loss for the period			(5,473)
<hr/>			

	Air-freight forwarding HK\$'000 (Unaudited)	Ocean-freight forwarding HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Nine months ended 30 September 2022</b>			
<b>Revenue</b>			
Export	443,799	73,444	517,243
Import	500	31	531
<b>Segment revenue</b>	<b>444,299</b>	<b>73,475</b>	<b>517,774</b>
<b>Segment results</b>	<b>19,625</b>	<b>2,535</b>	<b>22,160</b>
Unallocated income and expenses:			
Other income			463
Administrative and other operating expenses			(31,006)
Reversal of provision for impairment loss on trade receivables			755
Finance costs			(1,206)
Loss before income tax			(8,834)
Income tax expenses			—
Loss for the period			(8,834)

## 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

	Nine months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	162,267	189,304
Asia	25,334	43,582
North America	325,235	246,269
Others	16,638	38,088
	<b>529,474</b>	<b>517,243</b>

#### Revenue generated from import shipments by origin

	Nine months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	—	20
Asia	278	484
North America	—	27
	<b>278</b>	<b>531</b>



### Information about major customers

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

	Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A from air freight forwarding segment	114,004	121,188
Customer B from air freight forwarding segment	88,318	65,016
Customer C from air freight forwarding segment	—*	61,860
Customer D from air freight forwarding segment	53,959	—
	<b>256,281</b>	<b>248,064</b>

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

#### 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income	37	32	167	95
Recovery of bad debts previously written off	—	—	—	4
Sundry income	103	364	591	364
	<b>140</b>	<b>396</b>	<b>758</b>	<b>463</b>

## 5. PROFIT/(LOSS) BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Finance costs</b>				
Interest on interest-bearing borrowings	670	329	1,462	1,164
Interest on lease liabilities	33	14	99	42
	<b>703</b>	<b>343</b>	<b>1,561</b>	<b>1,206</b>

### Staff costs (including directors' emoluments)

Salaries, discretionary bonus, allowance and other benefits in kind	3,060	3,317	12,805	11,410
Contributions to defined contribution plans	353	241	802	715
Total staff costs	<b>3,413</b>	<b>3,558</b>	<b>13,607</b>	<b>12,125</b>

### Other items

Depreciation	463	376	1,231	1,161
Exchange loss/(gain), net	821	45	953	(187)
Recovery of bad debts previously written off	—	—	—	(4)
Reversal of impairment loss on trade receivables, net	—	—	—	(278)

## 6. INCOME TAX (EXPENSES)/CREDIT

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
Hong Kong profits tax				
Current year	(73)	319	(417)	—

Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the nine months ended 30 September 2023 and 2022.

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

The Group's entities established in the PRC are subject to enterprise income tax of the PRC at a statutory rate of 25% during the nine months ended 30 September 2023 and 2022.

## 7. EARNINGS/(LOSSES) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company used in basic and diluted earnings/(losses) per share calculation	<b>635</b>	(7,448)	<b>(5,473)</b>	(8,834)
	<b>'000 (Unaudited)</b>	'000 (Unaudited)	<b>'000 (Unaudited)</b>	'000 (Unaudited)
<i>Number of shares:</i>				
Weighted average number of ordinary shares for basic and diluted earnings/(losses) per share calculation	<b>300,000</b>	300,000	<b>300,000</b>	300,000

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

## 8. DIVIDEND

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

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

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

## 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 Q32023, the Group recorded a revenue of approximately HK\$529.8 million (Q32022: approximately HK\$517.8 million), representing an increase of approximately 2.3% as compared with that of Q32022.

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

	Q32023 (Unaudited)		Q32022 (Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	520,292	98.2	444,299	85.8
Ocean freight forwarding	9,460	1.8	73,475	14.2
	<b>529,752</b>	<b>100.0</b>	517,774	100.0

### Air freight forwarding

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

The Group's revenue from air freight forwarding segment increased by approximately 17.1% to approximately HK\$520.3 million for Q32023 (Q32022: approximately HK\$444.3 million). Such increase was primarily because of an increase in demand for the chartered aircraft freight forwarding services of the Group during Q32023.

### Ocean freight forwarding

The Group's revenue from ocean freight forwarding segment decreased by approximately 87.1% to approximately HK\$9.5 million for Q32023 (Q32022: approximately HK\$73.5 million), primarily because of the absence of orders during Q32023 from a key customer, who had contributed a large volume of shipments in the same period last year.

## **Cost of services**


The Group's cost of services mainly include the cost of cargo spaces, security charge, terminal charge and fuel surcharge was approximately HK\$499.5 million for Q32023 (Q32022: approximately HK\$495.6 million).

## **Gross profit and gross profit margin**

The Group's gross profit increased by approximately 36.5% to approximately HK\$30.3 million for Q32023 (Q32022: approximately HK\$22.2 million), which was primarily due to the increase in revenue coupled with a stable cost of services. The Group's gross profit margin also increased from approximately 4.3% for Q32022 to approximately 5.7% for Q32023.

## **Administrative and other operating expenses**

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



The Group's administrative and other operating expenses increased by approximately 12.3% to approximately HK\$34.8 million for Q32023 (Q32022: approximately HK\$31.0 million), which was mainly attributable to the increase in expenses for business development with suppliers and customers after the full resumption of normal operations and travel between Hong Kong and PRC.

### **Loss for the period**

Due to the above factors, despite the continuous improvement during Q32023, the Group still recorded a net loss of approximately HK\$5.5 million for Q32023 (Q32022: approximately HK\$8.8 million).

### **Capital structure**

As at 30 September 2023, the capital structure of the Group was mainly based on the equity attributable to the shareholders of the Company (the "**Shareholders**") (including share capital and reserves). The total number of issued ordinary shares was 300,000,000 with a par value of HK\$0.01 each (30 September 2022: 300,000,000 shares).

### **Reserves**

Details of the movements in the reserves of the Group during Q32023 are set out in the Condensed Consolidated Statement of Changes in Equity on page 7 of this report.

## OUTLOOK AND PROSPECTS

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

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

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the shares of the Company during Q32023.

## DIVIDEND

The Directors did not recommend the payment of any dividend for Q32023 (Q32022: 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 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 were as follows:

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

Notes:

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

Save as disclosed above, as at 30 September 2023, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules (the “**Model Code**”).

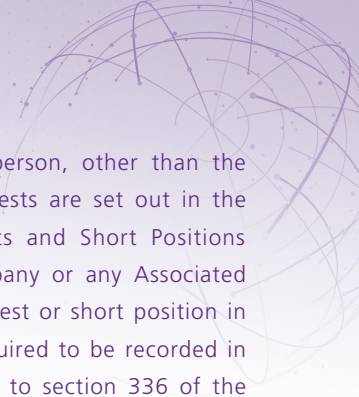
## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, so far as the Directors are aware, the following persons/entities (other than the Directors or the chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company were as follows:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Total Number of Shares held (L) (Note 1)</b>	<b>Approximate Percentage of Shareholding</b>
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 September 2023, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations” above, had notified the Company of an interest or short position in the shares, underlying shares 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.

### **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 Q32023.

### **CORPORATE GOVERNANCE CODE**

During Q32023, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, save and except the deviation below:

## Chairman and Chief Executive Officer

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

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

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company had made specific enquiries to all Directors, whom had confirmed that they had complied with the required standards of dealings set out in the Model Code during Q32023. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during Q32023.

## INTERESTS OF COMPLIANCE ADVISER

As notified by VBG Capital Limited (“**VBG**”), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and VBG dated 11 December 2020, neither VBG nor any of its directors, employees and close associates (as defined in the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during Q32023 and up to the date of this report.

## **AUDIT COMMITTEE**

This report including the Group's unaudited consolidated financial statements for Q32023 has been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for Q32023 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board

**Grand Power Logistics Group Limited**

**CHIU Ricky Tong**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 10 November 2023