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Asia-express Logistics Holdings Limited

亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8620)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Asia-express Logistics Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the interim unaudited consolidated results of the Group for the six months ended 30 September 2023. This announcement, containing the full text of the 2023/2024 interim report of the Company (the “**2023/2024 Interim Report**”), complies with the relevant requirements of The Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of the interim results. Printed version of the 2023/2024 Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.asia-expresslogs.com in due course.

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

Hong Kong, 14 November 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

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

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

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

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

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

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

CONTENTS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Choy Wing Hang, William

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Yip Chun Ming, Alex, *CPA*

COMPLIANCE OFFICER

Mr. Chan Yu

AUTHORISED REPRESENTATIVES

Mr. Chan Yu
Mr. Yip Chun Ming, Alex

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG LEGAL ADVISER

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

CORPORATE INFORMATION (Continued)

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors

COMPANY'S WEBSITE

www.asia-expresslogs.com

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

STOCK CODE

8620

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	90,553	82,117	184,270	173,869
Other income		212	632	440	1,351
Other gains and losses		(330)	(227)	(671)	(588)
Employee benefits expenses		(11,552)	(11,510)	(23,209)	(23,026)
Dispatch labour costs		(31,615)	(31,831)	(62,164)	(63,538)
Transportation costs		(31,051)	(31,149)	(64,934)	(67,923)
Warehousing operating costs		(7,722)	(6,374)	(15,840)	(12,893)
Reversal/(provision) of impairment loss on trade receivables, net		80	160	(63)	196
Depreciation of property, plant and equipment		(1,454)	(1,206)	(3,024)	(3,047)
Depreciation of right-of-use assets		(3,878)	(3,192)	(7,435)	(6,767)
Other expenses		(1,082)	(1,027)	(3,097)	(3,078)
Finance costs		(905)	(793)	(1,829)	(1,497)
Share of results of an associate		1	15	(1)	6
Profit/(loss) before tax		1,257	(4,385)	2,443	(6,935)
Income tax credit	5	129	—	—	—
Profit/(loss) for the period	6	1,386	(4,385)	2,443	(6,935)
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		107	(28)	280	(657)
Share of other comprehensive expense of an associate, net of related income tax		(3)	—	(42)	—
Other comprehensive income/(expense) for the period		104	(28)	238	(657)
Total comprehensive income/(expense) for the period		1,490	(4,413)	2,681	(7,592)
Profit/(loss) for the period attributable to owners of the Company		1,386	(4,385)	2,443	(6,935)
Total comprehensive income/(expense) for the period attributable to owners of the Company		1,490	(4,413)	2,681	(7,592)
Earning/(loss) per Share (HK cents)					
Basic	8	0.26	(0.91)	0.47	(1.44)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	25,545	27,484
Interest in an associate		646	690
Right-of-use assets	9	31,437	30,929
Rental deposits		1,589	1,392
		59,217	60,495
CURRENT ASSETS			
Trade and other receivables	10	54,721	51,381
Rental deposits		1,752	1,301
Financial assets at fair value through profit or loss		2,830	4,028
Tax recoverable		166	1,136
Pledged bank deposits		5,000	17,198
Bank balances and cash		8,214	3,739
		72,683	78,783
CURRENT LIABILITIES			
Trade and other payables	11	40,782	38,244
Amount due to an associate		1,074	571
Bank borrowings	12	16,000	42,000
Lease liabilities		12,718	11,683
Tax payable		739	785
		71,313	93,283
NET CURRENT ASSETS/(LIABILITIES)		1,370	(14,500)
TOTAL ASSETS LESS CURRENT LIABILITIES		60,587	45,995

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 September 2023

	<i>Notes</i>	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		14,236	9,659
Deferred tax liabilities		2,900	2,900
		17,136	12,559
NET ASSETS		43,451	33,436
CAPITAL AND RESERVES			
Share capital	13	5,280	4,800
Reserves		38,171	28,636
TOTAL EQUITY		43,451	33,436

The condensed consolidated financial statements on page 5 to 21 were approved and authorised for issue by the board of directors on 14 November 2023 and are signed on its behalf by:

Chan Le Bon
Executive Director

Chan Yu
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 <i>(Note a)</i>	Retained profits/ (losses) HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	4,800	37,304	1,876	269	2,431	7,980	54,660
Loss for the period	—	—	—	—	—	(6,935)	(6,935)
Other comprehensive expense	—	—	—	(657)	—	—	(657)
Total comprehensive expense for the period	—	—	—	(657)	—	(6,935)	(7,592)
At 30 September 2022 (unaudited)	4,800	37,304	1,876	(388)	2,431	1,045	47,068
At 1 April 2023 (audited)	4,800	37,304	1,876	(780)	2,448	(12,212)	33,436
Profit for the period	—	—	—	—	—	2,444	2,444
Other comprehensive income	—	—	—	238	—	—	238
Total comprehensive income for the period	—	—	—	238	—	2,444	2,682
Share placing <i>(Note b)</i>	480	7,056	—	—	—	—	7,536
Issuance cost of shares placing	—	(203)	—	—	—	—	(203)
At 30 September 2023 (unaudited)	5,280	44,157	1,876	(542)	2,448	(9,768)	43,451

Notes:

- (a) Amount represents statutory reserve of the subsidiaries of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiaries in the PRC are required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.
- (b) On 16 May 2023, placing of new Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company's annual general meeting held on 22 August 2022 was completed in accordance with the terms of the placing agreement dated 28 April 2023. An aggregate of 48,000,000 placing shares have been successfully placed to not less than six independent third parties at the placing price of HK\$0.157 per placing share.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	13,897	6,444
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	12,195	(2,579)
NET CASH USED IN FINANCING ACTIVITIES	(21,980)	(17,008)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,112	(13,143)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,739	21,664
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	363	(351)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	8,214	8,170

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

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

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

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis. The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior periods. The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

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

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$’000 (unaudited)	2022 HK\$’000 (unaudited)	2023 HK\$’000 (unaudited)	2022 HK\$’000 (unaudited)
Air cargo terminal operation services				
— Ground handling	22,951	24,996	44,244	49,081
— Ancillary delivery	5,978	6,169	11,914	15,984
Transportation services	29,570	26,205	52,101	53,697
Warehousing and other value-added services	32,054	24,747	76,011	55,107
	90,553	82,117	184,270	173,869

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is nil as at the end of both reporting periods during the six months ended 30 September 2022 and 2023.

Geographical information

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

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	87,189	79,415	177,674	169,017
The PRC	3,364	2,702	6,596	4,852
	90,553	82,117	184,270	173,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

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

As at 30 September and 31 March 2023

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Hong Kong	55,436	55,924
The PRC	2,192	3,179
	57,628	59,103

Information about major customers

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A	33,374	41,797	64,984	70,874
Customer B	30,732	23,189	67,756	52,063

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

5. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
The tax credit comprises:				
Current period	129	—	—	—
Deferred tax	—	—	—	—
	129	—	—	—

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

No provision for Hong Kong profits tax has been made as there is unused tax losses to offset the assessable profit arising in or derived from Hong Kong during the six months ended 30 September 2023.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

6. PROFIT/(LOSS) FOR THE PERIOD

	Three months ended 30 September		Six 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 has been arrived at after charging/(crediting):				
Auditor's remuneration	162	162	325	325
Directors' remuneration	414	414	828	828
Government grants from Employment Support Scheme	—	(1,709)	—	(2,771)
Other staff costs:				
Salaries, discretionary bonuses and other benefits	10,458	12,030	20,940	23,363
Retirement benefits scheme contributions	680	775	1,441	1,606
Total staff cost	11,552	11,510	23,209	23,026
Government subsidies received	—	(519)	—	(1,102)

7. DIVIDEND

No dividend for the six months ended 30 September 2023 was paid, declared or proposed by the Board.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

8. EARNING/(LOSS) PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Earning/(loss): Earning/(loss) for the period attributable to owners of the Company for the purpose of calculating basic earning/(loss) per Share	1,386	(4,385)	2,443	(6,935)
Number of shares: Weighted average number of ordinary Shares for the purpose of basic earning/(loss) per Share	528,000,000	480,000,000	515,934,427	480,000,000

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

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

During the six months ended 30 September 2023, the Group acquired approximately HK\$285,000 of leasehold improvements, HK\$356,000 of machinery, HK\$13,000 of office equipment and HK\$34,000 of furniture and fixtures (for the six months ended 30 September 2022: HK\$1,269,000 of leasehold improvements, HK\$1,052,000 of motor vehicles, HK\$316,000 of machinery, HK\$111,000 of office equipment and HK\$207,000 of furniture and fixtures). During the six months ended 30 September 2023, the Group disposed motor vehicles with carrying value of approximately HK\$324,000 and leasehold improvements of approximately HK\$232,000 (for the six months ended 30 September 2022: motor vehicles with carrying value of approximately HK\$76,000).

During the six months ended 30 September 2023, the Group recognised approximately HK\$2,887,000 of right-of-use assets for the motor vehicles, which were transferred from property, plant and equipment upon entering into lease contracts (for the six months ended 30 September 2022: nil). During the six months ended 30 September 2023, the Group recognised approximately HK\$9,105,000 of right-of-use assets for the warehouses (for the six months ended 30 September 2022: HK\$13,038,000 for the office premises and warehouses).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

10. TRADE AND OTHER RECEIVABLES

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade receivables	50,528	47,053
Less: allowance for expected credit losses ("ECL")	(1,243)	(1,185)
	49,285	45,868
Rental and other deposits	5,322	4,681
Other receivables and other prepayments (<i>note a</i>)	3,216	2,760
Prepayments to landlord (<i>note b</i>)	239	765
Total trade and other receivables	58,062	54,074
Less: non-current rental deposits	(1,589)	(1,392)
Less: current rental deposits	(1,752)	(1,301)
	54,721	51,381

Notes:

- (a) For the six months ended 30 September 2023, included in the amount was an other receivable due from a sub-contractor of HK\$584,000 (for the year ended 31 March 2023: HK\$734,000), of which the Group paid on behalf of this sub-contractor for a personal injury claim involved in August 2019.
- (b) Prepayments to landlord represented rental prepayments paid for lease agreements not yet effective as at 30 September 2023 and 31 March 2023.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

10. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Within 30 days	42,650	26,751
31 to 60 days	4,203	17,739
61 to 90 days	1,973	1,216
More than 90 days	459	162
	49,285	45,868

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

The Group determines the ECL for individually significant trade debtors and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers as at 30 September 2023 and 31 March 2023 and taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past, and the forward-looking information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

11. TRADE AND OTHER PAYABLES

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade payables	33,971	31,202
Accruals	6,211	6,597
Refundable deposits received from customers	113	114
Other payables	439	292
Other taxes payables	48	39
Total trade and other payables	40,782	38,244

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

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

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
0–30 days	18,920	13,811
31–60 days	7,218	10,985
61–90 days	4,112	5,350
Over 90 days	3,721	1,056
	33,971	31,202

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

12. BANK BORROWINGS

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Secured bank loans:		
Variable interest rate	16,000	22,000
Fixed interest rate	—	20,000
	16,000	42,000
Carrying amounts that contain a repayable on demand clause and shown under current liabilities and total bank borrowings	16,000	42,000

The bank loans as at 30 September 2023 carry variable interest rate ranged from 2.20% to 2.75% (31 March 2023: ranged from 1.80% to 2.75%) above Hong Kong Interbank Offered Rate (“HIBOR”). The average effective interest rate of the Group was approximately 6.45% per annum as at 30 September 2023 (31 March 2023: 5.67% per annum). The bank loans as at 31 March 2023 and 30 September 2023 were secured by the pledged bank deposits and corporate guarantee provided by the Company.

13. SHARE CAPITAL OF THE COMPANY

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

	Number of shares	Share capital HK\$
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 1 April 2022, 31 March 2023 and 30 September 2023	10,000,000,000	100,000,000
Issued and fully paid:		
At 31 March 2023 (audited)	480,000,000	4,800,000
Share Placing (<i>note</i>)	48,000,000	480,000
At 30 September 2023	528,000,000	5,280,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2023

13. SHARE CAPITAL OF THE COMPANY (Continued)

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Presented in the consolidated financial statements	5,280	4,800

Note: On 16 May 2023, placing of new Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company's annual general meeting held on 22 August 2022 was completed in accordance with the terms of the placing agreement dated 28 April 2023. An aggregate of 48,000,000 placing shares have been successfully placed to not less than six independent third parties at the placing price of HK\$0.157 per placing share.

14. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel of the Company

During the six months ended 30 September 2023 and 2022, the Group entered into the following transactions with related parties:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Fees	—	—
Salaries, discretionary bonuses and other benefits	630	630
Retirement benefits scheme contributions	18	18
Total	648	648

(b) Guarantees provided by a related party

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

During the six months ended 30 September 2023 (the “**Period**” or the “**Current Period**”), the trade statistics for Hong Kong’s external merchandise indicated a significant drawback in economic recovery in Hong Kong. The values of Hong Kong’s total monthly exports and imports of goods both recorded year-on-year decreases, averaging at approximately 9.7% and 8.3%, respectively. These figures reflected a challenging trading environment for Hong Kong during the Period. The decline in both Hong Kong’s total monthly exports and imports of goods reflected the impact of various factors such as global economic conditions, trade restriction and geopolitical uncertainties.

Given the downward trend in Hong Kong’s import and export business, the Group has urged the need of developing strategic initiatives in order to enhance the profitability and sustain our growing strategies. Despite the overall downturn of the economy, the Group was still able to achieve a modest yet satisfactory increase in revenue generated during the Period. This was driven by a slight uptick in revenue in the provision of some new supplementary services to one of our top five customers and the successful operation of our two newly established warehouses located at Tuen Mun, Hong Kong, and Shantou, People’s Republic of China (“**PRC**”), which has allowed us to expand our customer base.

Looking forward, we will continue to emphasise on our ability to identify and seize growth opportunities from our existing customers by reinforcing our relationship and commitment to delivering exceptional value-added services. We are also optimistic in our ability to capitalise on the opportunities presented by the newly established warehouses. Moreover, we remain committed to implementing stringent cost control measures, which have effectively reduced manpower and transportation costs, thereby enhancing our overall operational efficiency. We will also consistently review the profitability of various warehouses currently operated by our Group and will carefully evaluate the feasibility of not renewing the current tenancy agreement(s) in order to optimise the overall profitability of our Group.

FINANCIAL REVIEW

Revenue

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Our overall revenue increased by approximately HK\$10.4 million or 6.0% from approximately HK\$173.9 million for the six months ended 30 September 2022 (the “**Corresponding Period**” or the “**Last Period**”) to approximately HK\$184.3 million for the Current Period. Such increase was mainly contributed by: (i) the increased revenue generated from the provision of some new supplementary warehouse handling services to one of our top five customers; and (ii) the revenue generated from our two newly established warehouses, located at Tuen Mun, Hong Kong and Shantou, PRC, both commenced their operations during the Period. By offering warehouse handling services alongside with a range of value-added services, we were able to generate a modest increase in revenue during the Current Period.

Other income

Other income decreased by approximately HK\$0.9 million or 67.4% to approximately HK\$0.4 million for the six months ended 30 September 2023 as compared to that of approximately HK\$1.4 million for the six months ended 30 September 2022. Other income for the six months ended 30 September 2023 mainly represented the bank interest income amounted to approximately HK\$0.4 million. Whereas, other income for the six months ended 30 September 2022 mainly represented (i) the subsidies from the “Pilot Subsidy Scheme for Third-party Logistics Service Providers”, launched by the Hong Kong Government on encouraging the adoption of technology by the logistics sector for enhancing efficiency and productivity of approximately HK\$0.5 million; (ii) one-off non-accountable subsidy for Hong Kong cross-boundary goods vehicle owners under the sixth round of anti-epidemic fund of approximately HK\$0.3 million; and (iii) government subsidies received upon disposal of qualified commercial motor vehicles of approximately HK\$0.3 million.

Other gains and losses

Other gains and losses mainly represented the exchange gain and loss and the net gain and loss on change in fair value of financial assets at fair value through profit or loss. Our Group recorded a net loss in other gains and losses of approximately HK\$0.7 million and HK\$0.6 million for the six months ended 30 September 2023 and 2022, respectively.

Employee benefits expenses

Employee benefits expenses consisted primarily of wages and salaries, retirement benefits scheme contributions and other allowances and benefits. The employee benefits expenses remained relatively stable, amounted to approximately HK\$23.0 million for the six months ended 30 September 2022 and HK\$23.2 million for the six months ended 30 September 2023, respectively. During the Corresponding Period, there was government grants received under the Employment Support Scheme of approximately HK\$2.8 million which offsetted the employee benefits expenses, yet such government grants were not presented in the Current Period. Excluding the impact of the government grants received, the employee benefits expenses in the Current Period would decrease by approximately HK\$2.6 million or 10.4% as compared to the Last Period, such reduction in employee benefits expenses aligns with the Group’s strategic objective of enhancing its cost control measures.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Dispatch labour costs

The dispatch labour costs represented the amount paid to our dispatched work agencies for the provision of our air cargo ground handling and warehousing services. It decreased by approximately HK\$1.4 million or 2.2% to approximately HK\$62.2 million for the six months ended 30 September 2023 as compared to that of approximately HK\$63.5 million for the six months ended 30 September 2022. Such decrease was mainly driven by the Group's implementation of rigorous cost control measures during the Period, especially in the provision of air cargo terminal operation services which required a substantial amount of dispatch labor but experienced a declining trend in business activities in the Current Period. As part of our ongoing business evaluation, our Group will continue to monitor the manpower requirements in response to changing market dynamics. This proactive approach enables us to align the workforce with evolving demands, ensuring optimal resources allocation and operational effectiveness.

Depreciation of property, plant and equipment

During the Current Period and the Last Period, the depreciation of property, plant and equipment remained relatively stable, amounted to approximately HK\$3.0 million.

Depreciation of right-of-use assets

The depreciation of right-of-use assets represented the depreciation of right-of-use of motor vehicles, office premises, warehouses and machinery. During the Period, the depreciation of right-of-use assets increased by approximately 9.9% or HK\$0.7 million to approximately HK\$7.4 million as compared to that of approximately HK\$6.8 million for the Last Period. Such increase was mainly contributed by the lease of the newly established warehouses during the Period.

Transportation costs

Transportation costs decreased by approximately HK\$3.0 million or 4.4% to approximately HK\$64.9 million for the six months ended 30 September 2023 as compared to that of approximately HK\$67.9 million for the six months ended 30 September 2022. Such decrease was mainly due to the decrease in service fees paid to external transportation service providers for the ancillary delivery of goods under our air cargo terminal operation services and transportation services, as the business volume of such business activities has decreased in the Current Period.

Warehousing operating costs

Warehousing operating costs increased by approximately HK\$2.9 million or 22.9% to approximately HK\$15.8 million for the six months ended 30 September 2023 as compared to that of approximately HK\$12.9 million for the six months ended 30 September 2022. Such increase was mainly contributed by the increased expenses incurred for the two newly established warehouses and the increased business volume of the warehousing services segment during the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Other expenses

Our other expenses mainly included utilities expenses, insurance, professional fees and other miscellaneous operating expenses. It remained relatively stable for both periods, amounted to approximately HK\$3.1 million for the Current Period and the Last Period.

Finance costs

Our finance costs increased by approximately HK\$0.3 million or 22.2% to approximately HK\$1.8 million for the six months ended 30 September 2023 as compared to that of approximately HK\$1.5 million for the six months ended 30 September 2022, which was primarily due to the increased interest rate which resulted in the increased cost of financing.

Income tax credit

No provision for Hong Kong profits tax was made as there was unused tax losses available for offsetting against the assessable profits during the Current Period, while there was no assessable profit for the Corresponding Period.

Profit/(loss) for the period

For the six months ended 30 September 2023, our Group recorded a net profit of approximately HK\$2.4 million (for the six months ended 30 September 2022: net loss of approximately HK\$6.9 million). The change from net loss to net profit for the Period was mainly due to the combined effect of: (i) the increase in revenue generated from the provision of warehousing and other value-added services; and (ii) the effectiveness of the Group's comprehensive budget management and cost control measures implemented during the Period.

Trade receivables and trade payables turnover cycle

The turnover days for trade receivables for the six months ended 30 September 2023 were approximately 47 days (for the year ended 31 March 2023: approximately 54 days). Such decrease was mainly due to the decrease in trade receivables with long outstanding during the Period.

The turnover days for trade payables for the six months ended 30 September 2023 were approximately 42 days (for the year ended 31 March 2023: approximately 42 days), which remained relatively stable for both periods.

Borrowings

As at 30 September 2023, the Group's bank borrowings balance amounted to approximately HK\$16.0 million (as at 31 March 2023: approximately HK\$42.0 million) with variable interest rate. The average effective interest rate of the Group was approximately 6.5% per annum as at 30 September 2023 (as at 31 March 2023: approximately 5.7% per annum). The Group's bank borrowings were denominated in HK\$.

The Group's net gearing ratio is calculated by dividing total bank borrowings and lease liabilities by total equity. As at 30 September 2023, the Group's gearing ratio was approximately 98.9% (as at 31 March 2023: approximately 189.4%). Such decrease was primarily due to the decrease in bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Pledge of assets

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Bank deposits of approximately HK\$5.0 million and HK\$17.2 million as at 30 September 2023 and 31 March 2023, respectively, have been pledged to secure short-term bank loans and undrawn facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 200 (as at 31 March 2023: 201) full time employees. Staff cost (excluding Directors' emoluments) amounted to approximately HK\$22.4 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: approximately HK\$22.2 million) and the Directors' emoluments was approximately HK\$0.8 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: approximately HK\$0.8 million) included in the employee benefits expenses. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions. The Company has adopted a share option scheme to recognise and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group.

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

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2023 and 31 March 2023 was approximately 1.0 and 0.8 times, respectively. As at 30 September 2023, the Group had total bank balances and cash, which was mainly denominated in HK\$ and RMB of approximately HK\$8.2 million (as at 31 March 2023: approximately HK\$3.7 million). With available bank balances, cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

COMMITMENT

As at 30 September 2023, the Group did not incur any significant capital commitments (as at 31 March 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CAPITAL STRUCTURE

The capital structure of the Company consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves.

On 16 May 2023, placing of new Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company's annual general meeting held on 22 August 2022 was completed in accordance with the terms of the placing agreement dated 28 April 2023. An aggregate of 48,000,000 placing shares have been successfully placed to not less than six independent third parties at the placing price of HK\$0.157 per placing share. The net proceeds from the placing (after deducting the placing commission and other related expenses, including, among others, the professional fees) are approximately HK\$7.3 million. The net proceeds are intended to be used as general working capital of the Group. Upon completion of the aforesaid placing of new shares, the total number of issued Shares of the Company increased from 480,000,000 Shares to 528,000,000 Shares. Details of the placing of Shares were set out in the announcements of the Company dated 28 April 2023 and 16 May 2023. Save as disclosed above, there were no other material changes in the capital structure of the Group during the Period.

The Directors will review the Group's capital structure regularly. As part of such review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new Shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

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

CONTINGENT LIABILITIES

As at 30 September 2023, there was no significant contingent liabilities for the Group.

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

The Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2023. Save as disclosed in this interim report, the Group has no plan for other material investments or acquisitions of capital assets as at 30 September 2023.

DIVIDEND

No dividend for the six months ended 30 September 2023 was paid, declared or proposed by the Board (for the six months ended 30 September 2022: nil).

DISCLOSURE OF ADDITIONAL INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2023. Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he would be prohibited from dealing by the Model Code as if he was a Director.

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

As at 30 September 2023, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “**SFO**”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Company

Long positions in the ordinary Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held <i>(Note i)</i>	Approximate percentage of the Company’s issued share capital
Mr. Chan Le Bon	Interest in a controlled corporation <i>(Note ii)</i>	330,120,000	62.5%
Mr. Choy Wing Hang, William (“ Mr. William Choy ”)	Interest in a controlled corporation <i>(Note iii)</i>	29,880,000	5.7%

DISCLOSURE OF ADDITIONAL INFORMATION (Continued)

Notes:

- (i) All interests in the Shares are in long position.
- (ii) The Shares are owned by 3C Holding Limited. The entire issued share capital of 3C Holding Limited is owned as to 95% by Mr. Chan Le Bon and as to 5% by Mr. Chan Yu, respectively. Mr. Chan Le Bon is deemed to be interested in such number of Shares held by 3C Holding Limited.
- (iii) Diligent City Limited owns approximately 5.7% of the entire issued share capital of the Company. Mr. William Choy is deemed to be interested in such number of Shares held by Diligent City as Mr. William Choy owns 100% of Diligent City Limited.

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

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

Long positions in the ordinary Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held (Note i)	Approximate percentage of the Company's issued share capital
3C Holding Limited	Beneficial owner	330,120,000	62.5%
Diligent City Limited	Beneficial owner	29,880,000	5.7%
Ms. Leung Song	Interest of spouse (Note ii)	29,880,000	5.7%

Notes:

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

Save as disclosed above, as at 30 September 2023, the Company has not been notified of any other persons (other than the Director or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE OF ADDITIONAL INFORMATION (Continued)

SHARE OPTION SCHEME

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

For the six months ended 30 September 2023, no share option has been granted, exercised, expired or lapsed and there is no outstanding option under the Scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director of the Company or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2023.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

For the six months ended 30 September 2023, there had been no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

DISCLOSURE OF ADDITIONAL INFORMATION (Continued)

COMPETING INTERESTS

For the six months ended 30 September 2023, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee (the “**Audit Committee**”), a nomination committee and a remuneration committee with specific written terms of reference. During the six months ended 30 September 2023, the Company has complied with all the code provisions set out in Part 2 of the CG Code.

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

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

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

DISCLOSURE OF ADDITIONAL INFORMATION (Continued)

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2020, with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control procedures of the Group. As at the date of this interim report, the Audit Committee comprises Mr. Fu Lui (chairman), Mr. Chan Chi Ho and Ms. Chui Sin Heng, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim report of the Group for the six months ended 30 September 2023. The Audit Committee is of the view that the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place after 30 September 2023 and up to the date of this interim report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The 2023/2024 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company pursuant to Rule 18.03 of the GEM Listing Rules.

On behalf of the Board

Mr. Chan Le Bon

Chairman

Hong Kong, 14 November 2023