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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Grand Power Logistics Group Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2023. This announcement, containing the full text of the annual report of the Company (the "**Annual 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 the preliminary announcement of annual results is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.grandpowerexpress.com.

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

Hong Kong, 27 March 2024

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

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

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company's website at www.grandpowerexpress.com.

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.

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

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

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Heung Wai Keung
Ms. Wong Sheng Ning Candace

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Li Chun Fung

AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong
Mr. Tse Chi Kwan Decky

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

FINANCIAL REPORTING COMMITTEE

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

AUDITOR

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

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

WEBSITE ADDRESS

www.grandpowerexpress.com

STOCK CODE

8489

Management Discussion and Analysis

The board of Directors (the "**Board**") is pleased to present to you the annual report of the Company for the year ended 31 December 2023 ("**FY2023**").

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 spaces from cargo space suppliers (including airlines, shipping liners and other freight forwarders) and preparing the relevant documentations (such as customs clearance from origin of consignment). The Group also arranges ancillary logistics services to its air freight forwarding services, including cargo pick up, cargo handling at ports and local transportation and warehousing related services (such as repackaging, labelling, palletising, customs clearance and warehousing) to meet the requirements of its customers.

The Board is pleased to present the audited consolidated results of the Group for FY2023, together with the comparative figures for the corresponding year ended 31 December 2022 ("**FY2022**").

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 FY2023, the Group's total revenue amounted to approximately HK$825.7 million (FY2022: approximately HK$674.4 million), representing an increase of approximately 22.4%.

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

	FY2023		FY2022	
	HK$'000	**%**	*HK$'000*	%
Air freight forwarding	**813,684**	**98.5**	599,300	88.9
Ocean freight forwarding	**12,042**	**1.5**	75,087	11.1
	825,726	**100.0**	674,387	100.0

Management Discussion and Analysis

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 35.8% to approximately HK$813.7 million for FY2023 (FY2022: approximately HK$599.3 million). Such increase was primarily due to the overall increase in demand for the freight forwarding services of the Group which had resumed to pre-COVID levels during FY2023.

Ocean freight forwarding

The Group's revenue from ocean freight forwarding segment substantially decreased by approximately 84.0% to approximately HK$12.0 million for FY2023 (FY2022: approximately HK$75.1 million), primarily because of the absence of orders during FY2023 from a key customer, who had contributed a large volume of shipments during FY2022.

Cost of services

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

The Group's cost of services increased by approximately 19.5% to approximately HK$773.6 million for FY2023 (FY2022: approximately HK$647.1 million), which was corresponding with the increase in revenue of the Group.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 91.5% to approximately HK$52.1 million for FY2023 (FY2022: approximately HK$27.2 million), which was primarily due to the increase in revenue coupled with the improved ability of the Group to transfer the increased freight charges to customers. Accordingly, the Group's gross profit margin increased to approximately 6.3% for FY2023 (FY2022: approximately 4.0%).

Other income

The Group's other income mainly represents interest income from bank deposits, recovery of bad debts previously written-off, government grant and sundry income.

The Group's other income amounted to approximately HK$0.4 million for FY2023 (FY2022: approximately HK$0.7 million).

Administrative and other operating expenses

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

The Group's administrative and other operating expenses decreased by approximately 9.3% to approximately HK$49.0 million for FY2023 (FY2022: approximately HK$54.0 million which was mainly attributable to absence of the impairment loss of property, plant and equipment of approximately HK$4.5 million recorded in FY2022 in FY2023.

Finance costs

The Group's finance costs comprise mainly interest charges on interest-bearing bank borrowings and lease liabilities.

The Group's finance expenses increased by approximately 47.1% to approximately HK$2.5 million for FY2023 (FY2022: approximately HK$1.7 million), which was mainly due to a combination of (i) the increase in the amount of the short-term bank borrowings, which was partially offset by the repayment of the bank borrowings by the Company during FY2023, and (ii) the interest rate increased during FY2023 as compared to that of FY2022.

Taxation

The Group did not incur any income tax expenses for FY2023 (FY2022: approximately HK$0.03 million) due to the loss-making position in FY2023.

Loss for the year

Due to the above factors, the Group achieved a substantial decrease in net loss by approximately HK$26.1 million from approximately HK$27.6 million in FY2022 to HK$1.5 million in FY2023.

Liquidity and financial resources

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

The Group's gearing ratio, which is calculated based on the total debts divided by total equity as at the respective dates, was approximately 41.7% as at 31 December 2023 (31 December 2022: approximately 20.6%). As at 31 December 2023, the Group's total debts were approximately HK$56.0 million (31 December 2022: approximately HK$28.1 million) and the total equity was approximately HK$134.4 million (31 December 2022: approximately HK$136.5 million).

The Group's current ratio, which is calculated based on the total current assets divided by the total current liabilities at the respective dates, was approximately 1.6 as at 31 December 2023 (31 December 2022: approximately 2.1).

As at 31 December 2023, the Group had cash and bank balances of approximately HK$25.9 million (31 December 2022: approximately HK$29.6 million). The cash and cash equivalents of the Group are denominated in HK$, United States dollar ("**US$**") and Renminbi ("**RMB**") and in aggregate amounted to approximately HK$25.9 million as at 31 December 2023 (31 December 2022: approximately HK$29.6 million). The pledged bank deposits of the Group are denominated in HK$ and amounted to approximately HK$30.2 million as at 31 December 2023 (31 December 2022: approximately HK$30.1 million). The Group's financial position remains solid and the Group has sufficient bank balances to meet its liabilities when they become due.

For FY2023, the Group's net cash used in operating activities was approximately HK$29.3 million (FY2022: net cash used in operating activities was approximately HK$16.8 million), net cash used in investing activities was approximately HK$1.0 million (FY2022: approximately HK$0.06 million) and net cash from financing activities was approximately HK$27.0 million (FY2022: net cash used in financing activities was approximately HK$17.1 million).

Working capital

The Group's trade receivables represented receivables of freight forwarding services income from its customers. The Group's trade receivables (less loss allowances) increased by approximately 56.5% to approximately HK$217.2 million as at 31 December 2023 (31 December 2022: approximately HK$138.8 million), which was corresponding with the increase in revenue in particular, in the last quarter. The Group's average turnover days of trade receivables decreased to approximately 78.7 days for FY2023 (FY2022: approximately 100.5 days), as the Group spent more effort on the collection of trade receivables and achieved satisfying results.

The Group's trade payables are derived primarily from payables relating to the costs of purchasing air and ocean cargo spaces. The Group's trade payables increased by approximately 69.0% to approximately HK$114.7 million as at 31 December 2023 (31 December 2022: approximately HK$67.9 million), which was generally in line with the increase in the Group's cost of services during FY2023. The Group's average trade payable turnover days decreased to approximately 43.1 days for FY2023 (FY2022: approximately 62.7 days), which was primarily driven by a combination of the significant increase in revenue from the air freight segment and substantial decrease in revenue from ocean freight segment. This growth resulted in a higher demand for cargo spaces from airline suppliers, who typically provide shorter credit periods compared to shipping liners and freight forwarders.

Interest-bearing borrowings

As at 31 December 2023, the interest-bearing borrowings were made in HK$ (31 December 2022: HK$) and amounted to approximately HK$53.5 million (31 December 2022: approximately HK$24.5 million). The significant surge in borrowings was mainly due to the substantial growth in business volume, aligning with the notable increase in revenue during FY2023.

The maturity profile of the Group's interest-bearing borrowings is summarised below:

On demand or less than 1 year *HK$'000*	1 to 2 years *HK$'000*	3 to 5 years *HK$'000*	Over 5 years *HK$'000*
49,494	558	1,673	3,020

The borrowings are at floating interest rates with the weighted average effective interest rate as at 31 December 2023 at approximately 5.99% (31 December 2022: approximately 4.36%). Further particulars of the interest-bearing borrowings of the Group are set out in note 19 to the consolidated financial statements in this annual report.

Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during FY2023.

Future plans for material investments and capital assets

As at 31 December 2023, the Group did not have any plans for material investments and capital assets.

Capital structure

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). As at 31 December 2023, the total number of issued ordinary shares of the Company (the "**Shares**") was 300,000,000 with a par value of HK$0.01 each (31 December 2022: 300,000,000 Shares).

Pledge of/charge on assets

As at 31 December 2023, the bank and other borrowings of the Group were secured by certain leasehold land and buildings, property insurance on the pledged leasehold land and buildings, pledged bank deposits, guarantees provided by the Government of the Hong Kong Special Administrative Region, details of which are set out in note 19 to the consolidated financial statements in this annual report.

Contingent liabilities

The Group did not have any significant contingent liability as at 31 December 2023 (31 December 2022: Nil).

Capital commitments

The Group did not have any capital commitment as at 31 December 2023 (31 December 2022: Nil).

Financial management and treasury policy

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

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

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

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

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

Foreign exchange exposure

The Group's operating subsidiaries incorporated in Hong Kong operate with most transactions being settled in HK$, except for certain transactions which are denominated in US$ or other currencies. The Group's operating subsidiaries incorporated in the PRC, operate in the PRC and their functional currency is RMB. The Group's transactions are mainly denominated in HK$, US$ and RMB. As at 31 December 2023, foreign currency risk arose mainly because certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities.

EMPLOYEES

As at 31 December 2023, the Group had 43 (31 December 2022: 41) full-time employees. Total staff costs for FY2023 and FY2022 were approximately HK$21.1 million and approximately HK$19.1 million, respectively.

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

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

BUSINESS OBJECTIVES/STRATEGIES

As disclosed in the prospectus of the Company dated 30 December 2020 (the "**Prospectus**"), the long-term business objective of the Group is to become a leading freight forwarder in Hong Kong, while its ultimate business objective is to become a major market player in the global freight forwarding and logistics industries. The Group has implemented its business strategies/objectives as set out in the section headed "Business – Strategies on Future Business Development" of the Prospectus throughout FY2023. The Board is satisfied with the achievement of the said business objectives and will continue to make progress towards the said objectives.

OUTLOOK AND PROSPECTS

As we look ahead to 2024, 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. 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 during FY2023.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. Chiu Ricky Tong (趙彤), aged 53, founded the Group through the establishment of Grand Power Express International Limited ("**GP Express**") in March 2002. Mr. Chiu is an executive Director, the chairman (the "**Chairman**") and the chief executive officer (the "**CEO**") of the Company. He was appointed as an executive Director in March 2018, and is primarily responsible for formulating the overall business strategies and overseeing the business and operation of the Group.

Mr. Chiu has over 20 years of experience in the logistics industry and has been specialized in providing international freight forwarding services. He was the manager of Bao Shinn Express Company Limited (formerly known as Bao Shinn Travel Company Limited) ("**Bao Shinn**") from August 1995 to December 2001, and has been the director of Bao Shinn since December 2001. Since March 2002, Mr. Chiu has been the president of GP Express. He was a director of Grand Power Logistics Group Inc. ("**GP Logistics**"), being the holding company of GP Express that was listed on the TSX Venture Exchange in Canada, from October 2004 to January 2017.

Mr. Chiu obtained a bachelor of science in physics from the Imperial College, the University of London in 1993. He was further awarded a special diploma in social studies from the Keble College, the University of Oxford in 1994. Mr. Chiu is the husband of Ms. Wong Sheng Ning Candace, a non-executive Director.

Mr. Tse Chi Kwan Decky (謝志坤), aged 53, was appointed as an executive Director in March 2018. He is primarily responsible for managing and supervising the day-to-day operation of the Group.

Mr. Tse completed his secondary education in Hong Kong in 1987. Upon graduation, Mr. Tse joined a courier service company in 1989 and his last position when he left the company in 2003 was the senior manager of export air operation. He joined the Group in 2004 as the general manager and was responsible for leading and providing strategies for the sales and operation team, expanding existing and exploring new business opportunities and markets and developing the branch offices in South China. Since he became the managing director of GP Express in 2009, he has been responsible for leading the management team to fulfill corporate goals and objectives, setting up sales targets and supervising the daily operations of the Group. He was a director of GP Logistics from 2013 to 2017 and provided advice and opinion to the board of directors on sales, business development and operation matters and was accountable to the board for achieving sales and business goals.

Biographical Details of Directors and Senior Management

Non-executive Directors

Ms. Wong Sheng Ning Candace (王緗瑾) (formerly known as 王晟寧), aged 50, was appointed as a non-executive Director in March 2018. She is primarily responsible for overseeing the risk management and control function of the Group.

Ms. Wong joined the Group in October 2004 and was appointed as a director of GP Express in April 2013. She was also a director of GP Logistics from October 2004 to January 2017.

Ms. Wong has over 22 years of experience in credit control and risk management. From June 2012 to March 2023, Ms. Wong was the regional risk controller of TBWA Asia Pacific, and has become its director, credit risk and treasury, Asia Pacific since March 2023. Ms. Wong, from September 2004 to February 2012, was the regional credit and collections manager, and from February 2012 to June 2012, the project manager of Underwriters Laboratories, respectively, which is a safety consulting and certification company in the United States of America that maintains offices in 46 countries. She was a group credit controller (Asia Region) in Morgan & Banks (currently known as Hudson Global Resources (HK) Ltd.) from June 2000 to September 2004; a credit controller in JCDecaux Pearl & Dean Limited from August 1999 to June 2000; and a credit control officer with Colliers Jardine (Hong Kong) Limited from March 1997 to August 1999.

Ms. Wong obtained a bachelor of arts from the University of Toronto in 1997. Ms. Wong is the wife of Mr. Chiu Ricky Tong, an executive Director, the Chairman and the CEO.

Mr. Heung Wai Keung (香偉強), aged 41, was appointed as a non-executive Director in December 2020. He is primarily responsible for supervising the accounting and financial function of the Group.

Mr. Heung has over 18 years of experience in auditing, accounting and financing, and financial management. In September 2017, Mr. Heung co-founded D & PARTNERS CPA LIMITED and has become one of the audit partners of the firm. He provided advisory and consulting services in relation to accountancy issues for companies across various industries. Mr. Heung worked at CHENG & CHENG LIMITED as senior audit manager from December 2016 to August 2017. He started to serve as an auditor at Deloitte Touche Tohmatsu in August 2004 and left as a senior audit manager in November 2016, and was responsible for auditing and providing business advisory for various listed companies in Hong Kong.

Mr. Heung obtained a degree in bachelor of business administration in accounting from The Hong Kong University of Science and Technology in November 2004. Mr. Heung has been a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since January 2008 and a practising member of the HKICPA since May 2017.

Independent non-executive Directors

Mr. Tam Ka Hei Raymond (譚家熙), aged 43, was appointed as an independent non-executive Director in December 2020.

Mr. Tam has also been appointed as an independent non-executive director of Cornerstone Technologies Holdings Limited (listed on GEM, stock code: 8391) and TIL Enviro Limited (listed on the Stock Exchange, stock code: 1790) since 1 July 2019 and 4 October 2018, respectively.

Mr. Tam has over 15 years of experience in corporate finance. He is currently a director of the corporate finance department at Yu Ming Investment Management Limited, a wholly-owned subsidiary of Da Yu Financial Holdings Limited (listed on the Stock Exchange, stock code: 1073) and a licensed holder to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Tam obtained a bachelor of arts degree in accounting and finance with computing from the University of Kent, the United Kingdom in July 2002.

Mr. Ng Hung Fai Myron (吳鴻揮), aged 53, was appointed as an independent non-executive Director in December 2020.

Since September 2011, Mr. Ng has been the general manager of Link Asset Management Limited, the manager of Link Real Estate Investment Trust (listed on the Stock Exchange, stock code: 823). He was a senior inspector at the Hong Kong Police Force from March 1996 to November 2011.

From June 2018 to April 2020, Mr. Ng was appointed as an independent non-executive director of FSM Holdings Limited (listed on the Stock Exchange, stock code: 1721).

Mr. Ng obtained a bachelor of arts from the University of Western Ontario, Canada in June 1995. In December 2003, he obtained a master of arts in Chinese politics and administrative law from the Chinese University of Hong Kong. Mr. Ng further obtained an executive master of business administration from Richard Ivey School of Business in the University of Western Ontario in March 2008. In June 2017, Mr. Ng was awarded a master of science in financial analysis from The Hong Kong University of Science and Technology, and in February 2022 awarded a master of studies in interdisciplinary design for the built environment from the University of Cambridge.

Mr. Yeung Kwong Wai (楊光偉), aged 50, was appointed as an independent non-executive Director in December 2020.

Mr. Yeung has more than 25 years of auditing, accounting, financial management and corporate governance experience. He is a Certified Public Accountant (Practising) of the HKICPA and a member of the American Institute of Certified Public Accountants. He is also a CFA charterholder.

Mr. Yeung is currently a director of Apexlink Secretaries Limited, where he is primarily responsible for providing corporate advisory services and company secretarial services. From July 2016 to December 2017, Mr. Yeung was the company secretary of Nexion Technologies Limited (listed on GEM, stock code: 8420). He was an independent non-executive director of Dadi International Group Limited (listed on GEM, stock code: 8130) from September 2015 to March 2018. From March 2010 to June 2014 and July 2015 to May 2021, Mr. Yeung was a director of an accounting firm, CYC CPA Limited and Global Glory CPA Limited, respectively. He joined Capital Environment Holdings Limited (listed on the Stock Exchange, stock code: 3989) in November 2005 as an assistant to the chairman, and was appointed as a joint company secretary from August 2007 to July 2008, where he was primarily responsible for the company's business development and corporate governance. From December 1997, he worked at Deloitte Touche Tohmatsu and Ernst & Young in Hong Kong for a total of approximately 5 years, where he was primarily responsible for performing external financial audit for listed and private companies.

Company Secretary

Mr. Li Chun Fung (李震鋒), aged 42, joined the Group and was appointed as the company secretary of the Company in July 2018.

Mr. Li has been providing corporate services to a variety of Hong Kong listed companies and offshore companies, and has extensive experience in corporate governance and compliance matters. He is currently a director of APEC Corporate Services Limited. He has also been appointed as the company secretary and an executive director of Nan Nan Resources Enterprise Limited (listed on the Stock Exchange, stock code: 1229) since April 2015 and September 2021, respectively, and was an executive director of IAG Holdings Limited (currently known as MaxWin International Holdings Limited) (listed on GEM, stock code: 8513) between June 2022 and April 2023.

Mr. Li graduated from the Imperial College, the University of London with a master degree in chemical engineering in August 2004. Mr. Li has become a member of HKICPA since October 2014.

Biographical Details of Directors and Senior Management

Senior Management

Mr. Chiu Ricky Tong (趙彤), the Chairman and the CEO – see the paragraphs under "Executive Directors" above.

Mr. Tse Chi Kwan Decky (謝志坤) – see the paragraphs under "Executive Directors" above.

Report of the Directors

The Directors hereby present the report of the Directors and the audited consolidated financial statements of the Group for FY2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of business and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report and note 1 to the consolidated financial statements in this annual report. Such discussion forms part of this "Report of the Directors".

SEGMENT INFORMATION

An analysis of the Group's performance for FY2023 by operating segment is set out in note 6 to the consolidated financial statements in this annual report.

RESULTS AND DIVIDENDS

The results of the Group for FY2023 are set out in the consolidated statement of profit or loss on page 56 of this annual report.

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future business growth. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's financial results and cashflow, Shareholders' interests, general business conditions and strategies, current and future operations, liquidity and capital requirements, taxation considerations, statutory and regulatory restrictions, and any other factors the Board may deem relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and any declaration of final dividend for the year will be subject to the approval of the Shareholders. The payment of dividend is also subject to any restrictions under the Companies Act, Cap. 22 of the Cayman Islands and any other applicable laws, rule and regulations, and the memorandum and articles of association of the Company (the "**Articles**").

The Directors did not recommend the payment of any final dividend for FY2023 to the Shareholders (FY2022: Nil).

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as extracted from the consolidated financial statements and the Prospectus, is set out on page 134 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during FY2023 in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of movements during FY2023 in the share capital of the Company are set out in note 23 to the consolidated financial statements in this annual report.

RESERVES

Details of the movements in the reserves of the Group during FY2023 are set out in the consolidated statement of changes in equity on page 60 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution to the Shareholders as calculated in accordance with the applicable laws of the Cayman Islands and the Articles amounted to approximately HK$28,310,000 (31 December 2022: approximately HK$30,438,000). The share premium of the Company is available for distribution or paying dividends to the Shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. During FY2023, no forfeited contributions were used by the Group to reduce the existing level of contributions.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" below, no other equity-linked agreement was entered into by the Group, or subsisted, during FY2023.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, and has become effective on the listing date (i.e. 13 January 2021) (the "**Listing Date**"), the purpose of which is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, enables the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares: (a) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries (the "**Subsidiaries**") or any entity (the "**Invested Entity**") in which the Group holds an equity interest; (b) any non-executive directors (including any independent non-executive directors) of the Company, any Subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (h) 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 growth of the Group, subject to compliance with Chapter 23 of the GEM Listing Rules.

The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10.0% of the Shares in issue on the Listing Date (i.e. not exceeding 30,000,000 Shares, representing 10% of the total number of issued Shares as at the latest practicable date (being 27 March 2024) for the purpose of ascertaining certain information contained in this annual report prior to its publication (the "**Latest Practicable Date**")). Since 1 January 2023, unless separately approved by the Shareholders in general meeting (with the relevant eligible participant and such eligible participant's close associates (with the meaning ascribed thereto under the GEM Listing Rules) (or such eligible participant's associates if such eligible participant is a connected person of the Company) abstaining from voting), no eligible participant shall be granted a share option if such grant will result in the total number of Shares issued and to be issued in respect of all share options and awards (if any) granted to such eligible participant (excluding any lapsed share options and awards, if any) in the 12-month period up to and including the date of such grant would in aggregate exceed 1.0% of the total number of issued Shares. For the avoidance of doubt, the Company currently does not have any share award scheme. Unless otherwise determined by the Directors and stated in the offer, the grantee of the option is not required to hold an option for any minimum vesting period nor achieve any performance targets before the exercise of an option granted to him. An option may be accepted by a participant within a period of 21 days from the date on which such offer was made.

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share. A nominal consideration of HK$1.0 is payable on acceptance of the grant of an option.

Unless there is an early termination of the Share Option Scheme pursuant to the rules thereof, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant, subject to early termination of the Share Option Scheme pursuant to the rules thereof. As at the Latest Practicable Date, the remaining life of the Share Option Scheme was approximately six years.

Further details of the Share Option Scheme are set out in Appendix V to the Prospectus. Since the adoption of the Share Option Scheme, no option had been granted under the Share Option Scheme. As at 31 December 2023, the maximum number of Shares underlying all grants to be made pursuant to the Share Option Scheme shall not exceed 30,000,000 Shares, representing 10% of the total number of issued Shares as at 31 December 2023 (31 December 2022: 30,000,000).

DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations

As at 31 December 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 (the "**Model Code**") were as follows:

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

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.

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

3. Ms. Wong is the spouse of Mr. Chiu, and is therefore deemed to be interested in all the Shares in which Mr. Chiu has an interest for the purpose of the SFO.

Save as disclosed above, as at 31 December 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 the Model Code.

(II) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 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 which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO, or otherwise notified to the Company were as follows:

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

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.

2. For details, please refer to Note 2 in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations" above.

Save as disclosed above, as at 31 December 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 or debenture 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.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2023, the aggregate revenue attributable to the five largest customers and the largest customer accounted for approximately 62.8% (FY2022: approximately 56.6%) and approximately 19.9% (FY2022: approximately 20.8%), respectively, of the Group's total revenue for FY2023. Purchases from the Group's five largest suppliers and the largest supplier accounted for approximately 68.8% (FY2022: approximately 60.3%) and approximately 25.6% (FY2022: approximately 22.2%), respectively, of the Group's total purchases for FY2023.

So far as the Directors are aware, none of the Directors, or any of their close associates (as defined under the GEM Listing Rules) or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during FY2023.

DIRECTORS

The Directors during FY2023 and up to the date of this annual report were as follows:

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

Non-executive Directors
Mr. Heung Wai Keung
Ms. Wong Sheng Ning Candace

Independent Non-executive Directors
Mr. Tam Ka Hei Raymond
Mr. Ng Hung Fai Myron
Mr. Yeung Kwong Wai

BIOGRAPHICAL DETAILS OF DIRECTORS AND CHANGES IN INFORMATION OF DIRECTORS

Brief biographical details of the Directors including the changes in the Directors' information (if any) subsequent to the date of release of the third quarterly report 2023 of the Company are included in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2023, or at any time during FY2023.

CONTROLLING SHRAEHOLDERS' INTERESTS

No contract of significance had been entered into between the Company or any of its subsidiaries and controlling shareholder or any of its subsidiaries during FY2023. In addition, no contract of significance for the provision of services was entered into between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of Directors and the five highest paid individuals of the Group during FY2023 are set out in notes 11 and 12 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") is set up for reviewing the Group's emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group. The remunerations of the Directors are determined by reference to the economic situation, the prevailing market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

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 FY2023.

LEGAL PROCEEDINGS AND COMPLIANCE

To the best knowledge of the Directors, as at 31 December 2023, there were no legal proceedings or claims currently existing, pending or threatened against any member of the Group that the Directors consider would have a material adverse effect on the financial conditions or results of operation of the Group. During FY2023, the Group's business operations had complied with the applicable laws, rules and regulations in the places where the Group operates in all material respects.

PRINCIPAL RISKS AND UNCERTAINTIES

The following is a list of major risks and uncertainties that may affect the business, financial condition, results of operations and growth prospects of the Company. However, this list is not exhaustive as there may be other risks and uncertainties resulting from changes in economic condition and operating environment over time:

1. Economic risk: The failure to identify factors relating to macroeconomic conditions against international freight forwarding business may affect the Company's ability to maintain or increase revenue and profitability in a specific business environment; and the failure to formulate strategic plan against global economic slowdown leading to decline in consumption and a slowdown in international trade may have significantly impact on the Company's international freight forwarding businesses, which would materially and adversely affect the financial condition and results of operations of the Group.

2. Sociopolitical risk: The Group's business may be affected by (i) the failure to identify social and political factors within a market environment which may affect the Company's ability to market and sell services; and (ii) the failure to formulate strategy plan against the shifting of outsourced manufacturing activities away from the PRC to other regions or countries with lower production costs, the changes in trade policies, tariff regulations, embargoes or other trade restrictions effected between two or more states, and the termination of the United States of America – Hong Kong international shipping agreement.

3. Sales and pricing risk: The Group may experience difficulty in estimating the fluctuation in demand and supply of cargo spaces from customers and suppliers due to seasonal demand or other events (e.g. outbreak of pandemic), establishing pricing strategy and maintaining overall revenue and net profit growth.

4. Credit and collections risk: The Company's business, operations results and financial condition may be materially and adversely impacted by credit risk of the slow settlement by customers or, failure to collect the trade receivables from customers. Furthermore, any inadequate/ineffective controls imposed to access and monitor the debtor's repayment ability might increase the probability of bad debt of the Company.

For details of other financial risks, please refer to note 30 to the consolidated financial statements in this annual report.

The Group has developed risk management and internal control systems to identify current risks and has undertaken necessary measures to mitigate the risks identified. Details of the Group's risk management and internal control systems are set out in the section headed "Corporate Governance Report" of this annual report.

KEY RELATIONSHIP WITH THE GROUP'S EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees.

The Group believes that employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. Thus, the Group develops a desirable working environment, provides competitive remuneration packages to attract and motivate the employees, and regularly reviews the remuneration package of the employees and makes necessary adjustments to conform to the market standard. Share options may also be granted for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. For further details of the benefits of the employees, please refer to the section headed "Employees" in this annual report.

The Group also recognizes that it is important to maintain a good and stable relationship with its current and potential customers, suppliers and other stakeholders to achieve its long-term goals and maintain sustainable development of the Group. Accordingly, the Directors and senior management have kept good communication and enhanced cooperation, promptly exchanged ideas and shared business updates with its customers and suppliers and other stakeholders when appropriate.

During FY2023, there was no material and significant dispute between the Group and any of its employees, customers, suppliers and other stakeholders.

PERMITTED INDEMNITY PROVISIONS

Every Director (whether at present or in the past) shall be entitled under the Articles to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him/her as a Director in the execution or discharge of his/her duty.

The Company has taken out insurance to protect the Directors against the potential costs and liabilities arising from claims brought against the Directors during FY2023.

CONNECTED AND RELATED PARTY TRANSACTIONS

In FY2023, there were no connected transactions or continuing connected transactions of the Company which require compliance with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Details of material related party transactions undertaken in the usual course of business of the Group are set out in note 27 to the consolidated financial statements in this annual report. However, these transactions were either exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules, or did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company had maintained the prescribed public float required by the GEM Listing Rules as at the Latest Practicable Date.

AUDITOR

Baker Tilly Hong Kong Limited ("**Baker Tilly**") has been appointed as the auditor of the Company since 16 November 2023 to fill the casual vacancy following the resignation of Ernst & Young ("**EY**") as the auditor of the Company on 16 November 2023. EY was appointed as the auditor of the Company since 9 July 2021 to fill the casual vacancy following the retirement of Mazars CPA Limited as the auditor of the Company on 27 May 2021. Save as disclosed above, there were no other changes in the auditor of the Company during the past three years.

The consolidated financial statements for FY2023 have been audited by Baker Tilly, who shall retire in the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is committed to conducting its business in an environmentally conscious manner and minimizing the adverse effects caused by its operations on the environment. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group reviews its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses and enhancing environmental sustainability.

Details of the Group's environmental, social and governance policies and performance during FY2023 are disclosed in the environmental, social and governance report published online at the same time of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme as disclosed in the section headed "Share Option Scheme" of this annual report, neither the Company nor any of its subsidiary undertakings was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during, or at the end of, FY2023.

MANAGEMENT CONTRACTS

No contracts, other than the employment contracts, concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during FY2023.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting on Friday, 31 May 2024, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of Shares will be registered. Shareholders are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 pm on Friday, 24 May 2024.

REVIEW BY THE AUDIT COMMITTEE

This annual report including the Group's audited consolidated financial statements for FY2023 has been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee is of the opinion that the audited consolidated financial statements of the Group for FY2023 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

On behalf of the Board

CHIU Ricky Tong
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 March 2024

Corporate Governance Report

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability of the Company. The Directors also recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules as its own code of corporate governance.

During FY2023, the Company has applied the principles and complied with all applicable code provisions of the CG Code, save and except the deviation as follows:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Both the roles of the Chairman and the CEO are currently performed by Mr. Chiu. The Board believes that having Mr. Chiu acting as both the Chairman and the CEO 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 in the business prospects that Mr. Chiu continues to act as both the Chairman and the CEO. 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 (the "**Board Committees**") and senior management. Considering the present size and the scope of business of the Group, the Board considers that it is not in the best interest of the Company and Shareholders as a whole to separate the roles of the Chairman and the CEO, because the separation of which would render the decision-making process of the Company less efficient than the current structure. Therefore, the Directors consider that the present arrangement is beneficial to and in the best interest of the Company and the Shareholders as a whole and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

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

Corporate Culture

"Power of teamwork, people are the passion of Grand Power"

The Company's vision is to harness the power of teamwork and recognize the passion of our people. Our culture is shaped by values such as collaboration, integrity, innovation and continuous improvement. This culture influences our business model, purpose and board evaluation. We believe that by fostering a culture that values teamwork and passion amongst employees, we can achieve our strategic objectives.

Impact on Performance:

We measure success through key performance indicators like revenue growth, profit margins, return on equity and market share. Our desired culture plays a vital role in driving organizational performance. By promoting teamwork and recognizing employee passion, we create an environment that encourages collaboration, innovation and high-performance, leading to sustainable growth and a competitive advantage.

Assessing and Monitoring Culture:

We use various indicators to assess and monitor our culture, such as employee turnover rate, whistleblowing data, employee surveys, breaches of code of conduct, and regulatory compliance. These indicators help us to identify cultural issues, allowing us to take corrective actions and ensure alignment with our desired culture.

Communication of Desired Culture:

We communicate our desired culture and expected behaviors to employees through town halls, employee forums and a comprehensive code of conduct. These channels facilitate open dialogue, provide updates on our culture and values, and guide employees in promoting our desired culture.

Dealing with Misconduct or Misalignment:

We provide dedicated forums for employees to share concerns about misconduct or misalignment. These forums include anonymous reporting mechanisms, open-door policies, and regular feedback sessions. We thoroughly investigate all concerns raised and take appropriate actions in line with our values and code of conduct.

Financial and Non-Financial Incentives:

We offer financial and non-financial incentives that support our desired culture, such as performance-based bonuses, recognition programs, professional development opportunities, and a supportive work environment that promotes work-life balance and employee well-being.

Board Evaluations:

We conduct regular board evaluations to assess governance practices and the alignment of our culture with strategic objectives. These evaluations provide insights for improvement. A summary of board evaluations, including key findings and actions taken, is communicated to stakeholders for transparency and accountability.

In summary, the Company's corporate culture emphasizes teamwork and values employee passion. Our culture influences our performance and is assessed through various indicators. We communicate our culture through different channels, address misconduct, and provide incentives that support our desired culture. Board evaluations help us improve governance practices and align our culture with strategic objectives.

BOARD OF DIRECTORS

The Board is responsible for promoting the success of the Company by formulating overall business strategies and overseeing business, operation and risk management of the Group, as well as managing and supervising the accounting and financial function of the Group. The management is delegated with responsibility and authority by the Board for management of the day-to-day operation and administration of the Group. The management will provide a balanced and understandable assessment of the business performance, recent development and prospect of the Group on a regular basis.

The Board is the ultimate decision-making body for all matters considered material to the Group, and it is directly, and indirectly through various Board Committees, responsible for performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which include:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

The Board has also delegated various responsibilities to the Board Committees. Further details of the Board Committees are set out below in this annual report.

COMPOSITION OF THE BOARD

The composition of the Board during FY2023 and up to the date of this annual report is set out below:

Executive Directors

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

Non-executive Directors

Mr. Heung Wai Keung
Ms. Wong Sheng Ning Candace

Independent non-executive Directors

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

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report, to the best knowledge of the Board, there were no other financial, business, family and other material/relevant relationships among the members of the Board as at the date of this annual report.

During FY2023, the Board at all times met Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers that as at the date of this annual report, all of the independent non-executive Directors were independent in accordance with Rule 5.09 of the GEM Listing Rules.

DIVERSITY

Board diversity

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach of which the Board could achieve and maintain a high level of diversity. The Company recognises the benefits of having a diversified Board, as such the Group will ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group's business strategies and sustainable development.

Pursuant to the Board Diversity Policy, the Group seeks to achieve Board diversity by setting measurable objectives, including age, skills, know-how, regional and industry experience, background, race, gender, other qualities, etc. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Board currently comprises seven members, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors obtained diplomas or degrees in various disciplines, including social studies, arts, business administration and accounting and finance. They also have a balanced mix of professional experience and industry background in logistics, credit control, risk management, corporate finance and accounting. The Group has also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. In particular, one of the existing Board members of the Company is female, bringing the female representation to about 14% of the Board.

The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

Details of the current members of the Board are set out as follows:

Gender	**Male**	**Female**
	6	1
Nationality		**Chinese**
		7
Age group	**40-49**	**50-59**
	2	5
Length of service	**5 years or below**	**6-10 years**
	4	3

Diversity in general

As to diversity in respect of all employees, in FY2023, the Group had 43 full-time employees, of which 21 were male and 22 were female. The gender ratio in the workforce (including senior management) was approximately 1 male to 1.05 females, demonstrating a very balanced gender ratio achieved by the Group.

Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

BOARD PROCESS AND MEETINGS

The Board adopted the practice of holding meetings regularly, at least four times a year, and at approximately quarterly intervals.

At least 14 days' notice of a Board meeting will be given to all Directors to provide an opportunity to attend and include matters for discussion in the agenda for a regular meeting. For other Board and Board Committee meetings, reasonable notice will be given by the Company. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. The Board's procedures comply with the Articles, as well as relevant rules and regulations.

Minutes of Board meetings and Board Committee meetings shall record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes shall be sent to all Directors for their comment and records, respectively, within a reasonable time after the Board meeting is held. Minutes of Board meetings and Board Committee meetings are kept by the company secretary of the Company and are available for inspection by the Directors at any reasonable time on reasonable notice. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company.

	Attendance/No. of meetings held during FY2023					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Financial Reporting Committee	Annual General Meeting
Executive Directors						
Mr. Chiu Ricky Tong	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Tse Chi Kwan Decky	4/4	N/A	N/A	N/A	N/A	1/1
Non-executive Directors						
Mr. Heung Wai Keung	4/4	N/A	N/A	N/A	4/4	1/1
Ms. Wong Sheng Ning Candace	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mr. Tam Ka Hei Raymond	4/4	4/4	1/1	1/1	4/4	1/1
Mr. Ng Hung Fai Myron	4/4	4/4	1/1	1/1	4/4	1/1
Mr. Yeung Kwong Wai	3/4	3/4	N/A	N/A	3/4	1/1

During FY2023, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had put in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular quarterly meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors, providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service contract with the Company and each of the non-executive Directors and independent non-executive Directors signed a letter of appointment. The said service contracts and letters of appointment are for an initial term of three years commencing from the Listing Date, subject to re-election in accordance with the Articles and termination in accordance with their respective terms.

Pursuant to article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Article 84(2) of the Articles provides that a retiring Director shall be eligible for re-election.

As such, Mr. Chiu Ricky Tong, Mr. Tse Chi Kwan Decky and Mr. Yeung Kwong Wai will retire from office as Directors and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on Friday, 31 May 2024 in accordance with the Articles.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**"). Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he/she was a Director.

The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors confirmed that they had complied with the required standards of dealings set out in the Model Code during FY2023. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during FY2023.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors receive comprehensive, formal and tailored induction on appointment, so as to ensure their understanding of the business and operations of the Group and Directors' responsibilities and obligations under the GEM Listing Rules, the SFO and other relevant regulatory requirements.

The Group acknowledges the importance of continuing professional development for the Directors for the enhancement of corporate governance and internal control system. In this regard and in compliance with code provision C.1.4 of the CG Code, the Group shall arrange and fund suitable training for all Directors to participate in continuous professional development organized in the form of in-house trainings and seminars so as to keep them refreshed of their knowledge and skills and understanding of the Group's business and to update their skills and knowledge on the latest development and changes in the roles, functions and duties of a listed company director, as well as the relevant statutes, the GEM Listing Rules and corporate governance practices.

According to the records kept by the Company, each of the Directors, namely Mr. Chiu Ricky Tong, Mr. Tse Chi Kwan Decky, Ms. Wong Sheng Ning Candace, Mr. Heung Wai Keung, Mr. Tam Ka Hei Raymond, Mr. Ng Hung Fai Myron and Mr. Yeung Kwong Wai had attended seminars and/or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors. Each Director keeps abreast of his/her responsibility as a Director and of the conduct, business activities and development of the Company.

BOARD COMMITTEES

The Board established four Board Committees, namely the Audit Committee, the Remuneration Committee, the nomination committee of the Company (the "**Nomination Committee**") and the financial reporting committee of the Company (the "**Financial Reporting Committee**") for overseeing particular aspects of the Group's affairs. All Board Committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandpowerexpress.com).

Audit Committee

The Audit Committee was established in compliance with Rule 5.28 of the GEM Listing Rules with written terms of reference in compliance with code provision D.3.3 of the CG Code. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yeung Kwong Wai (chairman), Mr. Tam Ka Hei Raymond and Mr. Ng Hung Fai Myron.

The Audit Committee held four meetings during FY2023. Individual attendance records of each member of the Audit Committee are set out on page 38 of this annual report.

Summary of the work performed by the Audit Committee during FY2023:

– reviewed the audited consolidated financial statements, annual results announcement and the annual report for FY2022;

– reviewed the unaudited condensed consolidated financial statements for the three months, six months and nine months ended 31 March, 30 June and 30 September 2023, respectively;

– reviewed the financial reporting system, the risk management and internal control systems, and the effectiveness of the internal audit function;

– assessed the audit work of the auditor and its audit fee;

– made recommendations to the Board on the change of auditor of the Company; and

– discussed with the auditor of the Company the audit matters before the commencement of the audit work.

Remuneration Committee

The Remuneration Committee was established in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with code provision E.1.2 of the CG Code. Among other things, the primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Tam Ka Hei Raymond (chairman), Mr. Ng Hung Fai Myron and Mr. Yeung Kwong Wai.

The Remuneration Committee held one meeting during FY2023. Individual attendance records of each member of the Remuneration Committee are set out on page 38 of this annual report.

Summary of the work performed by the Remuneration Committee during FY2023:

– discussed the remuneration of the Directors;

– assessed performance of executive Directors and approving the terms of executive Directors' service contracts;

– reviewed and made recommendations to the Board on the remuneration policy and structure for all Directors and senior management; and

– reviewed and made recommendations to the Board on the remuneration packages of individual Directors and senior management (i.e. code provision E.1.2(c)(ii) of the CG Code was adopted).

Details of the remuneration payable to each Director for FY2023 are set out in note 11 to the consolidated financial statements in this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management (comprising the executive Directors) by band for FY2023 is set out below:

Emolument bands	**No. of individuals**
HK$2,500,001 to HK$3,000,000	1
HK$3,000,001 to HK$3,500,000	1

Nomination Committee

The Nomination Committee was established with terms of reference in compliance with code provision B.3.1 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of three independent non-executive Directors, namely Mr. Ng Hung Fai Myron (chairman), Mr. Tam Ka Hei Raymond and Mr. Yeung Kwong Wai.

To ensure that the Board maintains a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, and to enhance the nomination process for a Director candidate, a nomination policy was adopted as a guidance on the selection process and board succession planning. The Nomination Committee utilizes various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. The evaluation of Director candidates may include review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks, etc. In addition, the Nomination Committee will consider Director candidates, including incumbents and candidates nominated by the Shareholders, properly submitted by the Shareholders. The Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, gender diversity, etc., that can add to and complement the range of skills, experience and background of existing Directors, and considers the following qualifications are the minimum to be required of a Director candidate in recommendation to the Board, or the continued service of an existing Director:

- the highest personal, professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- independence as required under the GEM Listing Rules.

The Board and the Nomination Committee will also make reference to the Board Diversity Policy, details of which are set out in the section headed "Board diversity" above.

The Nomination Committee held one meeting during FY2023. Individual attendance records of each member of the Nomination Committee are set out on page 38 of this annual report.

Summary of the work performed by the Nomination Committee during FY2023:

– reviewed the structure, size, composition and diversity of the Board, and the Board Diversity Policy;

– reviewed the nomination policy and procedures for directorship during FY2023;

– assessed the independence of the independent non-executive Directors; and

– made recommendations to the Board on relevant matters relating to the re-election of Directors.

Financial Reporting Committee

The primary duties of the Financial Reporting Committee are to oversee the Group's financial reporting system, risk management and internal control systems and review the Group's financial information and application of accounting policies. The Financial Reporting Committee consists of four members, Mr. Yeung Kwong Wai (chairman), Mr. Ng Hung Fai Myron, Mr. Tam Ka Hei Raymond and Mr. Heung Wai Keung.

The Financial Reporting Committee held four meetings during FY2023, in order to review the financial results for FY2022, monitor the integrity of the Company's financial statements and annual report and review significant financial reporting judgments contained in them, as well as review the Company's financial controls, risk management and internal control systems, and the quarterly and interim results of 2023.

COMPANY SECRETARY

The company secretary of the Company is responsible for advising the Board on corporate governance matters and maintaining minutes recorded in sufficient details of all the meetings of the Board and the Board Committees. All Directors have access to the advice and services of the company secretary of the Company to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Li Chun Fung was appointed as the company secretary of the Company on 20 July 2018. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report for his biographical information.

Mr. Li confirmed that he has complied with Rule 5.15 of the GEM Listing Rules by taking no less than 15 hours of relevant professional training during FY2023.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that appropriate accounting policies should be selected and applied consistently. As at 31 December 2023, the Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements of the Group.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company recognizes the importance of good internal control procedures and, as disclosed in the Prospectus, intends to adopt or have adopted a number of measures. In order to ensure compliance with applicable laws and regulations and related policies in different operational aspects, the Group has established and adopted an internal control system, covering areas such as, among other things (i) financial reporting; (ii) credit risk and cashflow mismatch; (iii) procurement and accounts payable; and (iv) human resources management.

The Board has acknowledged that it has the overall responsibility for the risk management and internal control systems and reviewing their effectiveness. The Group has an internal audit function which conducts reviews on the adequacy and effectiveness of the risk management and internal control systems of the Group. Such review is conducted annually and cycles reviewed are under rotation basis. During FY2023, the Company engaged an external independent internal control consultant to conduct a review on the effectiveness of the Group's risk management and internal control systems. The Group has implemented the recommendations from the independent internal control consultant to improve and enhance the Group's risk management and internal control systems. The independent internal control consultant also performed a follow-up review on the status of the Group's actions and reported that the deficiencies identified in the FY2022 review have been remedied. As confirmed from the management of the Group, the Board believes that the internal control and the risk management measures implemented by the Group were adequate and effective, and could effectively ensure proper risk management and internal control systems of the Group. Nonetheless, the internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

To strengthen the Group's internal control and ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules), the Group has adopted the following additional internal control measures and processes:

- the Board will continuously monitor, evaluate and review the Group's internal risk management and control systems to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance the Group's risk management and internal control systems as appropriate;

- the Group will regularly assess the credit rating of its customers and make amendments to their credit period and payment terms in accordance with the Group's assessment to minimise the risk of customer default and cashflow mismatch;

- the Group's management will continue to monitor the price change of cargo spaces in the market and frequently compare the purchase costs of the cargo spaces the Group sources from its suppliers against the prevailing market rates in order to maintain its price competitiveness;

- if necessary, the Group may consider arranging its Directors, members of senior management and relevant employees to attend trainings on the legal and regulatory requirements applicable to the Group's business operations from time to time; and

- the Group has appointed external legal advisers to advise it on matters relating to compliance with the GEM Listing Rules and if necessary, seek advice on the applicable laws and regulations in places of the Group's business operations.

The Audit Committee and the Financial Reporting Committee are also accountable for, and will review, the Company's financial controls, risk management and internal control systems on a regular basis.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company has developed a policy on disclosure of inside information which provides guidelines and procedures to the Directors, senior management and employees of the Company in evaluating and handling confidential information and monitoring information disclosure. Internal control measures have been implemented to ensure that the procedures for the handling and disclosure of inside information are in compliance with the continuous disclosure obligations under the GEM Listing Rules and the disclosure of inside information requirements under the SFO.

AUDITOR'S REMUNERATION

For FY2023, the fees paid or payable in respect of the audit and non-audit services provided by the auditors of the Group, were as follows:

Nature of services	**Amount**
	HK$'000
Audit services	750
Non-audit services *(Note)*	59
Total	809

Note: The non-audit services included the provision of tax compliance services.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Procedures and Right for Shareholders to Convene Extraordinary General Meeting

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles, and the applicable legislation and regulations, in particular the GEM Listing Rules:

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may make reference to article 58 of the Articles for further details.

Procedures for Shareholders to Propose a Person for Election as a Director of the Company

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with the appointment or election of Director(s), wishes to propose a person for election as a Director at that meeting, he/she may lodge a written notice at the Company's principal place of business in Hong Kong at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong for the attention of the company secretary of the Company. Detailed procedures for Shareholders to propose a person for election as a Director can be found on the Company's website (www.grandpowerexpress.com).

Communication with Shareholders

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its Shareholders.

The Company has adopted its Shareholders' communication policy (the "**Shareholders' Communication Policy**") on 11 December 2020 reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims to provide Shareholders and the investment community (including the Company's potential investors as well as analysts reporting and analysing the Company's performance) with information about the Company and enabling them to engage actively with the Company and exercise their rights as Shareholders in an informed manner.

In order to ensure timely, transparent and accurate communications between the Shareholders and the Company, the Shareholders' Communication Policy sets out various communication channels including, amongst others, the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, half-year reports, quarterly reports (if any), notices of meeting, circulars, proxy forms (the "**Corporate Communication(s)**"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of holders of any of its securities, including announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns; (iii) constitutional documents of the Company and Board Committees; (iv) corporate information including list of Directors; and (v) other Corporate Communications which are published on the Company's website, including the procedures Shareholders can use to propose a person for election as a Director.

These channels allow the Company to communicate with and receive feedback from the Shareholders and investment community effectively. In addition, Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any queries in respect of the Company.

The Board is responsible for regularly reviewing the effectiveness of the Shareholders' Communication Policy, and it was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy in FY2023, as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company. The Company had complied with the principles and required practices as set out in the policy as described above during FY2023.

The latest news and updates of the Group's business and operation are also available on the Company's website (www.grandpowerexpress.com).

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send written enquiries to the Company for the attention of the company secretary of the Company at the Company's principal place of business in Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

Putting forward Proposals at Shareholders' meetings

A Shareholder shall make a written requisition to the Board or the company secretary of the Company at its principal place of business in Hong Kong at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at Shareholders' meetings regarding any specified transaction/business and its supporting documents.

CONSTITUTIONAL DOCUMENTS

The second amended and restated memorandum and articles of association of the Company (the "**M&A**") were adopted on 31 May 2023 to comply with the relevant provisions of the GEM Listing Rules.

A copy of the M&A is posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grandpowerexpress.com).

Save as disclosed above, there was no further change in the M&A in FY2023.

Independent Auditor's Report

bakertilly
天職國際

To the shareholders of
Grand Power Logistics Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Grand Power Logistics Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 133, which comprise the consolidated statement of financial position as at 31 December 2023, and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loss allowances for expected credit loss ("ECL") of trade receivables	
As at 31 December 2023, the Group had trade receivables of HK$217,168,000 after providing an ECL allowance of HK$2,117,000. In determining the ECL for trade receivables, the management of the Group assesses whether the trade receivables are credit-impaired, and considers the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group engaged an independent professional valuer to provide valuation in this regard. The impairment of trade receivables is estimated by management through the application of judgement and use of highly subjective assumptions. The disclosures of the trade receivables and their impairment are included in note 16 to the consolidated financial statements.	Our audit procedures included: a) enquiring the management of the Group to understand the Group's process for estimating the ECL of trade receivables; b) evaluating the competence, capabilities and objectivity of the independent professional valuer engaged by the Group; c) assessing the methodologies used and the key assumptions adopted; d) evaluating the judgement made by the management of the Group in identifying credit-impaired trade receivables; e) assessing whether the loss allowances for ECL of trade receivables are properly supported by referring to available forward-looking information, the debtors' ageing analysis, settlement records and history of bad debt; and f) recalculating the loss allowances for ECL of trade receivables made by the management of the Group.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment	
As at 31 December 2023, the Group had property, plant and equipment of HK$30,852,000 which were stated at cost less accumulated depreciation and impairment losses. The Group's management performed impairment assessment of property, plant and equipment by estimating their recoverable amounts based on the higher of fair value less costs of disposal and value in use. The Group has engaged an independent professional valuer to estimate the fair value of certain leasehold land and buildings. For remaining property, plant and equipment, the Group's management determined the recoverable amounts based on value in use calculation using the discounted cash flow method which involved significant judgements and assumptions, including the expected future cash flow forecast, associated growth rates and discount rate applied. The estimation process is inherently subjective and dependent on assumptions. The disclosures of the property, plant and equipment and their impairment are included in note 15 to the consolidated financial statements.	Our audit procedures included: a) evaluating the Group's policies and procedures in identifying impairment indicators; b) evaluating the competence, capabilities and objectivity of the independent professional valuer engaged by the Group and examining the inputs used, including the unit rates per square foot and the saleable areas; and c) assessing the management's estimations and methodologies used in the value in use calculation of the recoverable amounts of those property, plant and equipment and the key assumptions adopted by reviewing budgeted gross margins, growth rates and discount rate.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 24 March 2023.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Chan Ka Kit.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 27 March 2024
Chan Ka Kit
Practising certificate number P08291

Consolidated statement of profit or loss

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*5*	**825,726**	674,387
Cost of services		**(773,603)**	(647,142)
Gross profit		**52,123**	27,245
Other income	*7*	**387**	699
Administrative and other operating expenses		**(49,045)**	(53,952)
(Impairment losses)/reversal of impairment losses on trade receivables	*16*	**(2,842)**	171
Finance costs	*8*	**(2,476)**	(1,724)
Loss before tax		**(1,853)**	(27,561)
Income tax credit/(expense)	*9*	**348**	(29)
Loss for the year		**(1,505)**	(27,590)
Loss per share		***HK cents***	*HK cents*
– Basic	*14*	**(0.50)**	(9.20)

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(1,505)**	(27,590)
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(590)**	(1,833)
Total comprehensive expense for the year	**(2,095)**	(29,423)

Consolidated statement of financial position

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	15	**30,852**	30,863
Deferred tax assets	22	**348**	–
Other receivables	16	**82**	78
		31,282	30,941
Current assets			
Trade and other receivables	16	**219,709**	140,925
Tax recoverable		**4,459**	5,007
Pledged bank deposits	17	**30,221**	30,071
Cash and bank balances	17	**25,911**	29,553
		280,300	205,556
Current liabilities			
Trade and other payables	18	**120,633**	71,918
Interest-bearing borrowings	19	**53,484**	24,494
Lease liabilities	20	**1,740**	1,735
Deferred income	21	**487**	–
Total current liabilities		**176,344**	98,147
Net current assets		**103,956**	107,409
Total assets less current liabilities		**135,238**	138,350
Non-current liability			
Lease liabilities	20	**820**	1,837
Total non-current liability		**820**	1,837
Net assets		**134,418**	136,513

Consolidated statement of financial position

At 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Equity			
Share capital	*23*	**3,000**	3,000
Reserves	*24*	**131,418**	133,513
Total equity		**134,418**	136,513

The consolidated financial statements on pages 56 to 133 were approved and authorised for issue by the board of directors on 27 March 2024 and are signed on its behalf by:

Chiu Ricky Tong
Director

Tse Chi Kwan Decky
Director

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital *HK$'000* *(note 23)*	Share premium *HK$'000* *(note 24(a))*	Capital reserve *HK$'000* *(note 24(b))*	Exchange fluctuation reserve *HK$'000* *(note 24(c))*	Statutory reserve *HK$'000* *(note 24(d))*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2022	3,000	35,986	97,438	246	110	29,156	165,936
Loss for the year	–	–	–	–	–	(27,590)	(27,590)
Other comprehensive expense for the year:							
Exchange differences on translation of foreign operations	–	–	–	(1,833)	–	–	(1,833)
Total comprehensive expense for the year	–	–	–	(1,833)	–	(27,590)	(29,423)
At 31 December 2022 and 1 January 2023	3,000	35,986	97,438	(1,587)	110	1,566	136,513
Loss for the year	–	–	–	–	–	(1,505)	(1,505)
Other comprehensive expense for the year:							
Exchange differences on translation of foreign operations	–	–	–	(590)	–	–	(590)
Total comprehensive expense for the year	–	–	–	(590)	–	(1,505)	(2,095)
At 31 December 2023	3,000	35,986	97,438	(2,177)	110	61	134,418

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
OPERATING ACTIVITIES			
Loss before tax		**(1,853)**	(27,561)
Adjustments for:			
Interest income	7	**(234)**	(69)
Finance costs	8	**2,476**	1,724
Depreciation	10	**2,064**	3,164
Impairment loss/(reversal of impairment loss) on trade receivables, net	10	**2,842**	(171)
Impairment loss on property, plant and equipment	10	**–**	4,500
(Reversal of impairment loss)/impairment loss on deposits	10	**(800)**	883
Operating cash flows before movements in working capital		**4,495**	(17,530)
(Increase)/decrease in trade receivables, other receivables and prepayments		**(81,158)**	93,051
Increase/(decrease) in trade and other payables		**48,823**	(85,876)
Increase in deferred income		**487**	–
Cash used in from operations		**(27,353)**	(10,355)
Hong Kong profits tax refunded/(paid)		**548**	(4,710)
Interest paid		**(2,476)**	(1,724)
NET CASH USED IN OPERATING ACTIVITIES		**(29,281)**	(16,789)
INVESTING ACTIVITIES			
Placement of pledged bank deposits		**(150)**	(3)
Interest received		**234**	69
Purchase of property, plant and equipment	15	**(1,037)**	(122)
NET CASH USED IN INVESTING ACTIVITIES		**(953)**	(56)

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
FINANCING ACTIVITIES			
Drawdown of interest-bearing borrowings	26(b)	**51,767**	39,775
Repayment of interest-bearing borrowings	26(b)	**(22,777)**	(55,570)
Repayment of lease liabilities	26(b)	**(1,960)**	(1,334)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**27,030**	(17,129)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,204)**	(33,974)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**29,553**	64,932
Effect of foreign exchange rate changes		**(438)**	(1,405)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	17	**25,911**	29,553
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**25,911**	29,553

Notes to the consolidated financial statements

1 GENERAL INFORMATION

Grand Power Logistics Group Limited (the "Company") 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 of Hong Kong Limited (the "Stock Exchange") on 13 January 2021. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business and the Group's headquarter is situated at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

Each of Profit Virtue Worldwide Limited ("Profit Virtue") and Peak Connect International Limited ("Peak Connect") holds 37.5% equity interests in the Company. Profit Virtue, incorporated in the British Virgin Islands ("BVI"), is wholly owned by Mr. Chiu Ricky Tong, whereas Peak Connect, incorporated in the BVI, is owned as to 92.32% and 7.68% by Mr. Chiu Ricky Tong and his spouse, Ms. Wong Sheng Ning Candace.

The Company is an investment holding company. Details of the principal activities of the subsidiaries are set out in note 28.

The presentation and functional currency of the Company is Hong Kong dollars ("HK$").

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to 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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. 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 year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in note 22, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements 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.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies *(Continued)*

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 has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

As disclosed in note 28, the Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

Except for amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

2.2 Amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

2.2 Amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") *(Continued)*

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

3 **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION** *(Continued)*

3.2 **Material accounting policy information** *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

Provision for freight forwarding services

Revenue from the provision of freight forwarding is recognised over time, which is measured based on the actual service provided to date as a proportion of the total services to be provided, because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments represent fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment (including right-of-use assets)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets), to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment (including right-of-use assets) are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment (including right-of-use assets) *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

All financial liabilities, including trade and other payables, lease liabilities and interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the logistics sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Provision for ECLs on trade receivables *(Continued)*

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16.

Impairment of property, plant and equipment (including right-of-use assets)

The Group determines whether property, plant and equipment (including right-of-use assets) are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of the property, plant and equipment (including right-of-use assets) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Income tax

The Group is subject to income taxes in several jurisdictions, mainly Hong Kong and Mainland China. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the period in which such determination is made.

5 REVENUE

An analysis of revenue is as follows:

(a) Disaggregation of revenue from contracts with customers

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition:		
– Over time		
Air-freight forwarding services	**813,684**	599,300
Ocean-freight forwarding services	**12,042**	75,087
	825,726	674,387

(b) Performance obligations for contracts with customers

Information about the Group's performance obligations is summarised below:

Provision of freight forwarding services

The performance obligation is satisfied over time as services are rendered and payment is generally due up to 90 days from the invoice date.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the provision of freight forwarding services are part of the contracts that have an original expected duration of one year or less.

6 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments 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.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, administration and other operating expenses, reversal of provision for impairment loss on trade receivables and finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Air-freight forwarding *HK$'000*	**Ocean-freight forwarding** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2023			
Revenue			
Export	**813,490**	**11,940**	**825,430**
Import	**194**	**102**	**296**
Segment revenue	**813,684**	**12,042**	**825,726**
Segment results	**51,467**	**656**	**52,123**
Reconciliation:			
Other income			**387**
Administrative and other operating expenses			**(49,045)**
Impairment losses on trade receivables			**(2,842)**
Finance costs			**(2,476)**
Loss before tax			**(1,853)**

6 OPERATING SEGMENT INFORMATION *(Continued)*

	Air-freight forwarding *HK$'000*	Ocean-freight forwarding *HK$'000*	Total *HK$'000*
Year ended 31 December 2022			
Revenue			
Export	598,597	74,987	673,584
Import	703	100	803
Segment revenue	599,300	75,087	674,387
Segment results	24,826	2,419	27,245
Reconciliation:			
Other income			699
Administrative and other operating expenses			(53,952)
Reversal of impairment losses on trade receivables			171
Finance costs			(1,724)
Loss before tax			(27,561)

6 OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

The following table sets out information about the geographical location of (a) the Group's revenue from external customers and (b) the Group's property, plant and equipment (including right-of-use assets) (the "Specified Non-current Assets"). The geographical location of the revenue is presented based on the export shipments by destination and import shipments by origin. The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets.

(a) Location of revenue

Revenue generated from export shipments by destination

	2023	2022
	HK$'000	*HK$'000*
Europe	**259,571**	258,254
Asia	**34,414**	52,994
North America	**508,472**	319,885
Others	**22,973**	42,451
	825,430	673,584

Revenue generated from import shipments by destination

	2023	2022
	HK$'000	*HK$'000*
Europe	**–**	27
Asia	**261**	724
North America	**34**	52
Others	**1**	–
	296	803

6 OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Location of the Specified Non-current Assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**25,729**	25,573
Macau	**4,667**	4,926
The People's Republic of China (the "PRC")	**456**	364
	30,852	30,863

Information about major customers

Revenue from customers derived from air-freight and ocean-freight forwarding segments individually contributing 10% or more of the total revenue of the Group is as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**164,059**	139,977
Customer B	**143,374**	92,286
Customer C	**83,155**	N/A*
Customer D	**N/A***	70,651

* Less than 10% of the total revenue of the Group.

7 OTHER INCOME

	2023	2022
	HK$'000	HK$'000
Interest income	234	69
Government grant (Note)	–	518
Recovery of bad debts previously written off	32	27
Sundry income	121	85
	387	699

Note:

For the year ended 31 December 2022, government grant primarily consisted of the fiscal support that the relevant government authority offered to the Group's entities for subsidising staff costs under COVID-19. There were no unfulfilled conditions or contingencies relating to this grant.

8 FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interest on interest-bearing borrowings	2,307	1,592
Interest on lease liabilities	169	132
	2,476	1,724

9 INCOME TAX (CREDIT)/EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023	2022
	HK$'000	*HK$'000*
Overprovision in prior years:		
Hong Kong profits tax	**–**	(293)
Deferred tax *(note 22)*	**(348)**	322
Total tax (credit)/charge for the year	**(348)**	29

The income tax (credit)/expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before tax	**(1,853)**	(27,561)
Tax at the domestic income tax rate of 16.5% (2022: 16.5%) *(Note)*	**(306)**	(4,590)
Over provision in respect of prior years	–	(293)
Tax effect of income not taxable for tax purpose	**(79)**	(93)
Tax effect of expenses not deductible for tax purpose	**622**	511
Tax effect of tax losses not recognised	**425**	4,487
Utilisation of tax losses previously not recognised	**(601)**	–
Utilisation of deductible temporary difference previously not recognised	**(425)**	–
Effect of different tax rate of subsidiaries operating in other jurisdiction	**12**	–
Others	**4**	7
Tax (credit)/charge for the year	**(348)**	29

Note: The domestic tax rate which is Hong Kong profits tax rate in the jurisdiction where the operation of the Group is substantially based is used.

10 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2023 HK$'000	2022 HK$'000
Employee benefit expense (including directors' emoluments *(note 11)*)		
Salaries, discretionary bonus, allowances and other benefits in kind	**20,140**	18,147
Pension scheme contributions (defined contribution schemes)*	**963**	953
Total staff costs	**21,103**	19,100
Other items		
Auditor's remuneration	**750**	2,030
Depreciation	**2,064**	3,164
Foreign exchange differences, net	**1,529**	84
Recovery of bad debts previously written off	**(32)**	(27)
Impairment loss on property, plant and equipment *(note 15)*	**–**	4,500
(Reversal of impairment losses)/impairment losses on deposits *(note 16)*	**(800)**	883

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

11 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note a)		
Executive directors					
Mr. Chiu Ricky Tong *(Note b)*	120	3,000	150	18	3,288
Mr. Tse Chi Kwan Decky	120	3,733	258	40	4,151
Non-executive directors					
Ms. Wong Sheng Ning Candace	120	–	–	–	120
Mr. Heung Wai Keung	120	–	–	–	120
Independent non-executive directors					
Mr. Tam Ka Hei Raymond	120	–	–	–	120
Mr. Ng Hung Fai Myron	120	–	–	–	120
Mr. Yeung Kwong Wai	120	–	–	–	120
	840	6,733	408	58	8,039

11 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

Year ended 31 December 2022

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonus *HK$'000* *(Note a)*	Pension scheme contributions *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Chiu Ricky Tong *(Note b)*	120	3,000	100	18	3,238
Mr. Tse Chi Kwan Decky	120	2,103	290	41	2,554
Non-executive directors					
Ms. Wong Sheng Ning Candace	120	–	–	–	120
Mr. Heung Wai Keung	120	–	–	–	120
Independent non-executive directors					
Mr. Tam Ka Hei Raymond	120	–	–	–	120
Mr. Ng Hung Fai Myron	120	–	–	–	120
Mr. Yu Tak Chi Michael *(Note c)*	100	–	–	–	100
Mr. Yeung Kwong Wai	120	–	–	–	120
	940	5,103	390	59	6,492

Notes:

(a) Discretionary bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.

(b) Mr. Chiu Ricky Tong is also the chief executive officer of the Group and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

(c) Mr. Yu Tak Chi Michael resigned as an independent non-executive director of the Company with effect from 2 November 2022.

The executive directors' emoluments shown above were mainly paid or payable for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly paid or payable for their services as directors of the Company.

During the years ended 31 December 2023 and 2022, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration for both years.

12 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two (2022: two) directors, details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023	2022
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	2,186	2,186
Discretionary bonus *(Note)*	270	250
Pension scheme contributions	54	54
	2,510	2,490

Note: Discretionary bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
Nil to HK$1,000,000	3	3

During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of each reporting period.

14 LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(1,505)**	(27,590)

	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**300,000**	300,000

Diluted loss per share is not presented as the Company does not have any dilutive potential ordinary share for both years.

15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets					Owned assets						
	Leasehold land	Buildings	Office equipment	Motor vehicles	Total	Buildings	Leasehold improvements	Computer equipment	Furniture and fixture	Motor vehicles	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost												
At 1 January 2022	37,268	2,455	12	–	39,735	2,632	7,366	1,191	542	2,676	14,407	54,142
Additions	–	2,151	–	–	2,151	–	29	82	11	–	122	2,273
Disposals	–	–	–	–	–	–	–	(33)	(21)	–	(54)	(54)
Revision of lease terms arising from changes in the non-cancellable periods of leases	–	801	–	–	801	–	–	–	–	–	–	801
Expiration of leases	–	(412)	–	–	(412)	–	–	–	–	–	–	(412)
Exchange realignment	–	(60)	–	–	(60)	–	–	(53)	(23)	(45)	(121)	(181)
At 31 December 2022 and 1 January 2023	37,268	4,935	12	–	42,215	2,632	7,395	1,187	509	2,631	14,354	56,569
Additions	–	436	13	578	1,027	–	165	20	13	839	1,037	2,064
Expiration of leases	–	–	(12)	–	(12)	–	–	–	–	–	–	(12)
Exchange realignment	–	(27)	–	–	(27)	–	–	(18)	(8)	(15)	(41)	(68)
At 31 December 2023	37,268	5,344	13	578	43,203	2,632	7,560	1,189	514	3,455	15,350	58,553
Depreciation and impairment												
At 1 January 2022	(8,209)	(499)	(12)	–	(8,720)	(584)	(5,676)	(994)	(493)	(2,151)	(9,898)	(18,618)
Provided for the year	(1,173)	(1,375)	–	–	(2,548)	(83)	(329)	(60)	(19)	(125)	(616)	(3,164)
Written back on disposals	–	–	–	–	–	–	–	33	21	–	54	54
Expiration of leases	–	412	–	–	412	–	–	–	–	–	–	412
Impairment loss recognised in profit or loss	–	(3,500)	–	–	(3,500)	–	(741)	(218)	(41)	–	(1,000)	(4,500)
Exchange realignment	–	27	–	–	27	–	–	52	23	8	83	110
At 31 December 2022 and 1 January 2023	(9,382)	(4,935)	(12)	–	(14,329)	(667)	(6,746)	(1,187)	(509)	(2,268)	(11,377)	(25,706)
Provided for the year	(1,173)	(233)	(2)	(78)	(1,486)	(83)	(284)	(3)	(2)	(206)	(578)	(2,064)
Expiration of leases	–	–	12	–	12	–	–	–	–	–	–	12
Exchange realignment	–	26	–	–	26	–	–	18	8	5	31	57
At 31 December 2023	(10,555)	(5,142)	(2)	(78)	(15,777)	(750)	(7,030)	(1,172)	(503)	(2,469)	(11,924)	(27,701)
Carrying amount												
At 31 December 2023	26,713	202	11	500	27,426	1,882	530	17	11	986	3,426	30,852
At 31 December 2022	27,886	–	–	–	27,886	1,965	649	–	–	363	2,977	30,863

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Note:

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the unexpired term of the lease
Buildings	Shorter of 50 years and the unexpired term of the lease
Office equipment	Over the unexpired term of the lease
Motor vehicles	20%
Leasehold improvements	Shorter of 20%-50% and over the lease term
Computer equipment	20%-33.33%
Furniture and fixture	10%-20%

As at 31 December 2023, certain of the Group's leasehold land and buildings with a total net carrying amount of approximately HK$28,595,000 (2022: HK$29,851,000) were pledged to secure banking facilities granted to the Group (note 19).

For the year ended 31 December 2023, the Group was loss making and the Group's management estimated corresponding recoverable amounts of certain property, plant and equipment. Based on these estimates, no impairment loss (2022: an impairment loss of HK$4,500,000) was recognised to write down the carrying amounts of these items of property, plant and equipment to their recoverable amounts as at 31 December 2023. The recoverable amounts were determined based on value in use calculation using a 5 years cash flow projection based on financial budget of the cash-generating unit to which the asset belongs. The pre-tax discount rate applied for the cash flow projection was 11.5% (2022: 14%).

For both years, the Group leases various offices premises, shops and leasehold land for its operations. The lease terms of leasehold land used for office premise and shop ranged from 27 to 33 years (2022: 27 to 33 years). Lease for office premises and shops are entered into for fixed term of one to five years (2022: one to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The total cash outflow for leases is disclosed in note 26(c).

Certain lease contracts of leased assets contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. During the years ended 31 December 2023 and 2022, the Group considers not to exercise these options and no lease contract contains variable lease payment terms.

As at 31 December 2023 and 2022, the Group has no commitment to lease contracts in relation to leased properties that have not yet commenced.

16 TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**219,285**	139,898
Less: Loss allowances	**(2,117)**	(1,052)
	217,168	138,846
Other receivables, deposits and prepayments		
Prepayments	**107**	312
Deposits and other receivables *(Note)*	**2,599**	2,728
Less: Loss allowances *(Note)*	**(83)**	(883)
	2,623	2,157
	219,791	141,003
Analysed as:		
Current	**219,709**	140,925
Non-current	**82**	78
	219,791	141,003

As at 1 January 2022, trade receivables from contract with customers amounted to HK$232,707,000.

Note: Deposits and other receivables mainly represent rental deposits and deposits with suppliers. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. Except for certain credit-impaired deposits of HK$83,000 (2022: HK$883,000), of which an impairment loss of HK$800,000 was reversed during the year (2022: a provision of impairment loss of HK$883,000 was recognised), the loss allowances were assessed to be minimal as at 31 December 2023 and 2022.

The movements in the loss allowance for impairment of the deposits are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year	**883**	–
(Reversal of)/provision for impairment loss	**(800)**	883
At end of year	**83**	883

16 TRADE AND OTHER RECEIVABLES *(Continued)*

The Group's trading terms with its customers are mainly on credit. The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was up to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**95,812**	56,465
31 to 60 days	**97,794**	48,100
61 to 90 days	**17,260**	33,537
Over 90 days	**6,302**	744
	217,168	138,846

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

	2023	2022
	HK$'000	*HK$'000*
Not yet due	**193,606**	136,207
Past due:		
Within 30 days	**17,260**	2,263
31 to 60 days	**6,300**	196
61 to 90 days	**–**	176
Over 90 days	**2**	4
	23,562	2,639
	217,168	138,846

16 TRADE AND OTHER RECEIVABLES *(Continued)*

The movements in the loss allowances for impairment of trade receivables are as follows:

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**1,052**	1,233
Impairment losses/(reversal of impairment losses)	**2,842**	(171)
Write-offs *(Note)*	**(1,769)**	–
Exchange realignment	**(8)**	(10)
At end of year	**2,117**	1,052

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note:

Notwithstanding full provision had been made on certain trade receivables, the Group would write off the relevant balances when the debtors are unreachable or evidences were available to prove the debtors do not have any assets or source of income/cash flows to settle the amounts due. The trade receivables with the contractual amount outstanding of approximately HK$1,769,000 were written off during the year ended 31 December 2023, of which the Group has made provision for impairment loss on trade receivables during the year.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2023

	Weighted average loss rate % *(approximately)*	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Carrying amount *HK$'000*
Non-credit impaired	1%	219,285	(2,117)	217,168

16 TRADE AND OTHER RECEIVABLES *(Continued)*

At 31 December 2022

	Weighted average loss rate % (approximately)	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Carrying amount *HK$'000*
Non-credit impaired	0.8%	139,898	(1,052)	138,846

17 PLEDGED BANK DEPOSITS, CASH AND BANK BALANCES

	2023 *HK$'000*	2022 *HK$'000*
Cash and bank balances	**25,911**	29,553
Pledged time deposits *(note 19)*	**30,221**	30,071
	56,132	59,624

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$9,682,000 (2022: HK$7,419,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

18 TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**114,731**	67,894
Other payables		
Accruals and other payables *(Note)*	**3,426**	2,700
Salaries payables	**2,476**	1,138
Contract liabilities	**–**	186
	5,902	4,024
	120,633	71,918

Note: Balance included an amount due to a related company of HK$900,000 as at 31 December 2022 and was fully settled during the year ended 31 December 2023. The amount due to a related company was unsecured, interest-free and had no fixed terms of repayment. Mr. Chiu Ricky Tong, the controlling shareholder of the Company, has significant influence over the related company.

The trade payables are non-interest bearing and are normally settled on 60-day terms.

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**84,839**	53,176
31 to 60 days	**28,920**	12,026
61 to 90 days	**600**	2,447
Over 90 days	**372**	245
	114,731	67,894

Contract liabilities represent short-term advances received to provide freight forwarding services. The decrease in contract liabilities in 2023 was mainly due to the decrease in short-term advances from customers in relation to the provision of freight forwarding services at the end of the year.

19 INTEREST-BEARING BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Interest-bearing borrowings – secured	**53,484**	24,494

The weighted average effective interest rate per annum of the interest-bearing borrowings as at 31 December 2023 was approximately 5.99% (2022: 4.36%).

All borrowings are in Hong Kong dollars.

The interest-bearing borrowings are secured by:

(i) certain leasehold land and buildings with an aggregate net carrying amount at the end of the reporting period of approximately HK$28,595,000 (2022: HK$29,851,000) (note 15);

(ii) pledged bank deposits with a carrying amount at the end of the reporting period of HK$30,221,000 (2022: HK$30,071,000) (note 17).

In addition, as at for the year ended 31 December 2022, an interest-bearing borrowing with a carrying amount of approximately HK$1,536,000 was guaranteed by the Government of the Hong Kong Special Administrative Region and was fully settled during the year ended 31 December 2023.

The Group regularly monitors its compliance with these covenants and does not consider it is probable that the banks will exercise their discretion to demand repayment so long as the Group continues to make payments according to the schedule of the loans. Further details of the Group's management of liquidity risk are set out in note 30. As at 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

20 LEASE LIABILITIES

Lease liabilities payable:

	2023 **HK$'000**	2022 HK$'000
Within one year	**1,740**	1,735
Within a period of more than one year but not exceeding two years	**459**	1,516
Within a period of more than two years but not exceeding five years	**361**	321
	2,560	3,572
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,740)**	(1,735)
Amount due for settlement after 12 months shown under non-current liabilities	**820**	1,837

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.875% (2022: from 4.75% to 5.625%).

21 DEFERRED INCOME

Government grants of HK$487,000 (2022: nil) to a subsidiary have been received in the current year towards the Pilot Subsidy Scheme for third-party logistics services providers launched by the Hong Kong Government to encourage the adoption of technology for enhancing efficiency and productivity (the "Subsidy Scheme"). The Subsidy Scheme will sponsor the subsidiary two-thirds of the total approved project cost.

The amount received in respect of the Subsidy Scheme is repayable if the Subsidy Scheme is suspended or terminated with a completion date on 28 February 2025. The procurement procedures must be completed before the completion date. Any subsidy received in excess of 66.6% of the actual project cost is repayable to the government. The amount has been treated as deferred income. The amount will be transferred to income in the form of reduced depreciation charges over the useful lives of the relevant assets. This policy has not resulted in any credit to income in the current year (2022: nil). As at 31 December 2023, an amount of HK$487,000 (2022: nil) remains to be amortised.

22 DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financing reporting purposes:

	2023 HK$'000	2022 HK$'000
Deferred tax assets	**770**	589
Deferred tax liabilities	**(422)**	(589)
	348	–

The movements in the deferred tax assets during the year are as follows:

	Temporary difference attributable to lease HK$'000	Decelerated tax depreciation HK$'000	Impairment of financial assets HK$'000	Total HK$'000
At 1 January 2022	328	160	162	650
Credit/(charge) to profit or loss during the year	261	(160)	(162)	(61)
At 31 December 2022 and 1 January 2023	589	–	–	589
(Charge)/credit to profit or loss during the year	(167)	–	348	181
At 31 December 2023	422	–	348	770

22 DEFERRED TAX *(Continued)*

The movements in the deferred tax liabilities during the year are as follows:

	Temporary difference attributable to lease
	HK$'000
At 1 January 2022	328
Charge to profit or loss during the year	261
At 31 December 2022 and 1 January 2023	589
Credit to profit or loss during the year	(167)
At 31 December 2023	422

Deferred tax assets are not recognised for the following items:

	2023	2022
	HK$'000	*HK$'000*
Deductible temporary differences	**1,657**	4,116
Tax losses	**26,057**	27,252
At the end of the reporting period	**27,714**	31,368

The Group has tax losses arising in Hong Kong of HK$17,925,000 (2022: HK$18,389,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Mainland China of HK$7,962,000 (2022: HK$8,704,000) that will expire in one to five years for offsetting against future taxable profits. The Group has tax losses arising in Macau of HK$170,000 (2022: HK$159,000) that will expire in one to three years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.

23 SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000
Issued and fully paid:		
300,000,000 ordinary shares of HK$0.01 each	**3,000**	3,000

24 RESERVES

(a) Share premium

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

(b) Capital reserve

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 by the Group and (ii) staff costs borne by the ultimate controlling parties, Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace, in prior years.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

(d) Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group's subsidiaries in the PRC are required to appropriate to the statutory reserve an amount of not less than 10% of the profit after tax (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and be converted to additional capital.

25 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the written resolutions of the shareholders passed on 11 December 2020.

Under the Scheme, the board of directors (the "Board") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "Participants") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 11 December 2020 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of the issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who or whose associates are the proposed grantee of an option). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK$1.0 is payable on acceptance of the grant of an option under the Scheme where applicable.

25 SHARE OPTION SCHEME *(Continued)*

The subscription price for the shares subject to options will be a price determined by the Board and notified to each Participant and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

No option has been granted or exercised under the Scheme as at 31 December 2023 and 2022.

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$1,027,000 (2022: HK$2,151,000), including a downpayment of HK$68,000 (2022: nil) and HK$959,000 (2022: HK$2,151,000), respectively, in respect of lease arrangements for property, plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2023	24,494	3,572
Changes from financing cash flows	28,990	(1,960)
New leases	–	959
Foreign exchange movement	–	(11)
Interest expense	2,307	169
Interest paid classified as operating cash flows	(2,307)	(169)
As at 31 December 2023	53,484	2,560

26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing borrowings *HK$'000*	Lease liabilities *HK$'000*
At 1 January 2022	40,289	1,989
Changes from financing cash flows	(15,795)	(1,334)
New leases	–	2,151
Revision of lease terms	–	801
Foreign exchange movement	–	(35)
Interest expense	1,592	132
Interest paid classified as operating cash flows	(1,592)	(132)
As at 31 December 2022	24,494	3,572

(c) Total cash outflow for leases

	2023 ***HK$'000***	2022 *HK$'000*
Within operating activities	**169**	132
Within financing activities	**1,960**	1,334
	2,129	1,466

27 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting periods:

Name of related companies	Nature of transactions	2023 HK$'000	2022 HK$'000
H.C. Patterson and Company Limited *(Note (i))*	Travelling expenses	**127**	64
Bao Shinn Express Company Limited *(Note (i))*	Reimbursement of expenses	**3**	7
Rightway Tours Limited *(Note (ii))*	Operating expenses	**–**	1,690
Sky Stalwart Investment Limited *(Note (ii))*	Reimbursement of expenses	**–**	5

Notes:

(i) The companies are controlled by Mr. Chiu Ricky Tong, the controlling shareholder of the Company, and his brother, Mr. Chiu Man Lam. The expenses were made at prices and terms mutually agreed between the respective parties.

(ii) Mr. Chiu Ricky Tong, the controlling shareholder of the Company, has significant influence over the companies. The expenses were made at prices and terms mutually agreed between the respective parties.

(b) Compensation of key management personnel of the Group:

	2023 HK$'000	2022 HK$'000
Short term employee benefits	**7,981**	6,433
Pension scheme contributions	**58**	59
Total compensation paid to key management personnel	**8,039**	6,492

Further details of the directors' and the chief executive emoluments are included in note 11.

28 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Directly:					
Grand Power Logistics Holdings Limited *(note a)*	BVI/BVI	United States dollars ("US$")10,002	100%	100%	Investment holding
Indirectly:					
Grand Power Express International Limited *(note a)*	Hong Kong/ Hong Kong	HK$92,750,000	100%	100%	Provision of air-freight and ocean-freight forwarding services
Grand Power Express Forwarders Company Limited *(note a)*	Macau/Macau	Macau Pataca 2,200,000	100%	100%	Provision of air-freight forwarding services
裕程國際貨運有限公司 (Grand Power Express International (China) Limited) *(note b & c)*	Peoples' Republic of China (the "PRC")/ Mainland China	US$7,250,000	100%	100%	Provision of air-freight and ocean-freight forwarding services
United Air Cargo & Express Limited *(note a)*	BVI/Macau	US$100	100%	100%	Provision of air-freight forwarding services and holding property for own use
港裕程國際貨運代理(深圳)有限公司 (Grand Power Express International (Shenzhen) Limited) *(note b & c)*	The PRC/ Mainland China	Renminbi ("RMB") 5,000,000	100%	100%	Provision of air-freight and ocean-freight forwarding services

28 PARTICULARS OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Lumen Corporation Limited *(note a)*	Hong Kong/ Hong Kong	HK$1	100%	100%	Holding property for own use
Metroplus Asia Limited *(note a)*	BVI/BVI	US$50,000	100%	100%	Investment holding
Redcap Logistics Limited *(note a)*	Hong Kong/ Hong Kong	HK$10,000	100%	100%	Provision of air-freight and ocean-freight forwarding services

Notes:

(a) These subsidiaries are registered as limited liability companies of the relevant jurisdictions.

(b) English translation is for identification purposes only.

(c) These subsidiaries are registered as limited liability companies (Taiwan, Hong Kong and Macao Corporation Owned Enterprises) under PRC law.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged bank deposits, trade and other receivables, trade payables, financial liabilities included in other payables and interest-bearing borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, pledged bank deposits, cash and bank balances, trade and other payables, interest-bearing borrowings and lease liabilities. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group's exposure to currency risk mainly arises from the fluctuation of HK$, US$, Euro ("EUR") and RMB against the functional currencies of the relevant group entities. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities other than the functional currencies of the group entities are as follows. The management closely monitors foreign exchange exposure to mitigate the foreign currency risk.

	Financial assets	
	2023	2022
	HK$'000	*HK$'000*
HK$	**1,753**	1,044
US$	**6,241**	12,446
EUR	**69**	864

	Financial liabilities	
	2023	2022
	HK$'000	*HK$'000*
HK$	**218**	–
US$	**317**	140
RMB	**10**	14
EUR	**11**	12

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

The following table indicates the approximate increase/(decrease) in the Group's pre-tax results if exchange rates of HK$, US$, RMB and EUR appreciated against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of the reporting period.

	2023	2022
	HK$'000	*HK$'000*
HK$	**154**	104
US$	**592**	1,231
RMB	**(1)**	(1)
EUR	**6**	85

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the next 12 months after the end of the reporting period.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings of HK$53,484,000 (2022: HK$24,494,000) with floating interest rates at 31 December 2023. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of the reporting period.

At the end of the reporting period, if interest rate had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss would have increased/decreased by HK$535,000 (2022: HK$245,000) for the year ended 31 December 2023.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the closing balance of interest-bearing borrowings in existence at the end of the reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the next 12 months after the end of the reporting period.

Credit risk

The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The management of the Group also reviews the recoverable amount of each individual debtor, at the end of the reporting period to ensure adequate allowance is made for irrecoverable amount.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

30 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2023

	12-month expected credit losses Stage 1	**Lifetime expected credit losses Stage 3**	**Lifetime expected credit losses Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Trade receivables *(note a)*	**–**	**–**	**219,285**	**219,285**
Deposits and other receivables				
– Normal *(note b)*	**2,516**	**–**	**–**	**2,516**
– Doubtful *(note b)*	**–**	**83**	**–**	**83**
Pledged bank deposits				
– Not yet past due	**30,221**	**–**	**–**	**30,221**
Cash and bank balances				
– Not yet past due	**25,911**	**–**	**–**	**25,911**
	58,648	**83**	**219,285**	**278,016**

As at 31 December 2022

	12-month expected credit losses Stage 1	Lifetime expected credit losses Stage 3	Lifetime expected credit losses Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables *(note a)*	–	–	139,898	139,898
Deposits and other receivables				
– Normal *(note b)*	1,845	–	–	1,845
– Doubtful *(note b)*	–	883	–	883
Pledged bank deposits				
– Not yet past due	30,071	–	–	30,071
Cash and bank balances				
– Not yet past due	29,553	–	–	29,553
	61,469	883	139,898	202,250

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

Notes:

(a) For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16.

(b) The credit quality of the deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

As at 31 December 2023, the Group had a concentration of credit risk as 24% (2022: 23%) of the total trade receivables were due from the Group's largest trade debtor, and 62% (2022: 74%) of the total trade receivables were due from the Group's five largest trade debtors.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade and other receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents as well as adequate banking facilities to meet its operation needs at any time.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	Total carrying amount	**Total contractual undiscounted Cash flow**	**On demand or less than 1 year**	**1 to 2 years**	**3 to 5 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 31 December 2023					
Trade and other payables	**118,157**	**118,157**	**118,157**	**–**	**–**
Interest-bearing borrowings *(Note)*	**53,484**	**53,484**	**53,484**	**–**	**–**
Lease liabilities	**2,560**	**2,703**	**1,835**	**494**	**374**
	174,201	**174,344**	**173,476**	**494**	**374**

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	3 to 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2022					
Trade and other payables	70,594	70,594	70,594	–	–
Interest-bearing borrowings *(Note)*	24,494	24,494	24,494	–	–
Lease liabilities	3,572	3,782	1,850	1,606	326
	98,660	98,870	96,938	1,606	326

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Note: The amounts repayable under bank loan agreement that includes a clause that gives the bank an unconditional right to call the borrowings at any time are classified under the category of "on demand or less than 1 year". However, the management of the Group does not expect that the bank would exercise such right to demand the repayment and thus, the borrowings, which included the related interest, would be repaid according to the below schedule as set out in the bank loan agreement as follows:

	Total carrying amount	**Total contractual undiscounted cash flow**	**On demand or less than 1 year**	**1 to 2 years**	**3 to 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2023						
Interest-bearing borrowings	**53,484**	**54,745**	**49,494**	**558**	**1,673**	**3,020**

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	3 to 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2022						
Interest-bearing borrowings	24,494	25,941	20,392	533	1,598	3,418

31 CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, calling for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is calculated based on the total debts, which include interest-bearing borrowings and lease liabilities, divided by total equity. The gearing ratio as at the end of the reporting period was 41.7% (2022: 20.6%).

32 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is set out below:

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment in a subsidiary		**–***	–*
Current assets			
Prepayments		**105**	105
Due from a subsidiary	*32(a)*	**35,835**	38,044
Cash and bank balances		**1**	1
Total current assets		**35,941**	38,150
Current liabilities			
Other payables		**39**	120
Due to a subsidiary	*32(a)*	**4,592**	4,592
Total current liabilities		**4,631**	4,712
Net current assets		**31,310**	33,438
NET ASSETS		**31,310**	33,438
Capital and reserves			
Share capital	*23*	**3,000**	3,000
Reserves	*32(b)*	**28,310**	30,438
TOTAL EQUITY		**31,310**	33,438

* Represent amounts less than HK$1,000.

32 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Balances with subsidiaries

Balances with subsidiaries are unsecured, interest-free and repayable on demand.

(b) Reserves of the Company

	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2022	35,986	(3,904)	32,082
Loss and total comprehensive expense for the year	–	(1,644)	(1,644)
At 31 December 2022 and 1 January 2023	35,986	(5,548)	30,438
Loss and total comprehensive expense for the year	–	(2,128)	(2,128)
At 31 December 2023	**35,986**	**(7,676)**	**28,310**

Five-Year Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's annual reports and the accountant's report as contained in the Prospectus, is set out below.

RESULTS

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**825,726**	674,387	892,468	871,883	353,341
(Loss)/profit before tax	**(1,853)**	(27,561)	28,067	31,120	(7,133)
Income tax credit/(expenses)	**348**	(29)	(5,087)	(7,946)	(306)
(Loss)/profit and for the year	**(1,505)**	(27,590)	22,980	23,174	(7,439)

ASSETS AND LIABILITIES

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**311,582**	236,497	366,757	280,837	190,052
Total liabilities	**(177,164)**	(99,984)	(200,821)	(178,341)	(110,331)
Total equity	**134,418**	136,513	165,936	102,496	79,721