



裕程物流集團有限公司

Grand Power Logistics Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8489

FIRST QUARTERLY REPORT

2021

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

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

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

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

*This report, for which the directors (collectively the “**Directors**” and individually a “**Director**”) of Grand Power Logistics Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 GEM website at www.hkgem.com for at least 7 days from the date of its posting.

CONTENTS

Corporate Information	3
First Quarterly Unaudited Results	5
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Changes in Equity	7
Notes to the Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	19
Other Information	30

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Wong Sheng Ning Candace
Mr. Heung Wai Keung

Independent non-executive Directors

Mr. Tam Ka Hei Raymond
Mr. Ng Hung Fai Myron
Mr. Yu Tak Chi Michael
Mr. Yeung Kwong Wai

COMPANY SECRETARY

Mr. Li Chun Fung

COMPLIANCE ADVISER

VBG Capital Limited

COMPLIANCE OFFICER

Mr. Chiu Ricky Tong

AUTHORISED REPRESENTATIVES

Mr. Chiu Ricky Tong
Mr. Tse Chi Kwan Decky

AUDIT COMMITTEE

Mr. Yu Tak Chi Michael (*Chairman*)
Mr. Tam Ka Hei Raymond
Mr. Yeung Kwong Wai

REMUNERATION COMMITTEE

Mr. Tam Ka Hei Raymond (*Chairman*)
Mr. Ng Hung Fai Myron
Mr. Yu Tak Chi Michael

NOMINATION COMMITTEE

Mr. Ng Hung Fai Myron (*Chairman*)
Mr. Tam Ka Hei Raymond
Mr. Yu Tak Chi Michael

FINANCIAL REPORTING COMMITTEE

Mr. Yeung Kwong Wai (*Chairman*)
Mr. Heung Wai Keung
Mr. Yu Tak Chi Michael
Mr. Tam Ka Hei Raymond

AUDITOR

Mazars CPA Limited
Certified Public Accountants

42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

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

PLACE OF BUSINESS IN HONG KONG

Unit 817, 8/F, Tower B
Mandarin Plaza
14 Science Museum Road
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
Level 54, Hopewell Centre
183 Queen's Road East
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

FIRST QUARTERLY UNAUDITED RESULTS

HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the three months ended 31 March 2021 (“**Q12021**”) was approximately HK\$137.1 million (three months ended 31 March 2020 (“**Q12020**”): approximately HK\$112.2 million), representing an increase of approximately 22.2% as compared with Q12020.
- The Group recorded a profit attributable to owners of the Company of approximately HK\$8.3 million for Q12021 (Q12020: approximately HK\$2.3 million).
- The basic and diluted earnings per share of the Company was approximately HK2.85 cents for Q12021 (Q12020: approximately HK1.02 cents).

The Board is pleased to present the unaudited condensed consolidated results of the Group for Q12021, together with the comparative unaudited figures for Q12020 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended 31 March	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	137,080	112,210
Cost of services		(120,138)	(100,875)
Gross profit		16,942	11,335
Other income	4	1,550	557
Administrative and other operating expenses		(7,290)	(6,974)
Provision for impairment loss on trade receivables		(772)	(192)
Finance costs	5	(468)	(668)
Listing expenses		—	(999)
Profit before income tax	5	9,962	3,059
Income tax expenses	6	(1,709)	(775)
Profit for the period		8,253	2,284
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		(99)	(474)
Total comprehensive income for the period		8,154	1,810
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company			
Basic and diluted	7	2.85	1.02

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Reserves						Total
	Share Capital	Share premium (Note a)	Capital reserve (Note b)	Translation reserve	Statutory reserve	Accumulated (losses) profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	—*	—*	97,438	(829)	110	(16,998)	79,721
Profit for the period	—	—	—	—	—	2,284	2,284
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(474)	—	—	(474)
Total comprehensive (loss) income for the period	—	—	—	(474)	—	2,284	1,810
At 31 March 2020 (unaudited)	—*	—*	97,438	(1,303)	110	(14,714)	81,531
At 1 January 2021 (audited)	—*	—*	97,438	(1,228)	110	6,176	102,496
Profit for the period	—	—	—	—	—	8,253	8,253
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(99)	—	—	(99)
Total comprehensive (loss) income for the period	—	—	—	(99)	—	8,253	8,154
Issue of shares by way of share offer (Note c)	750	54,750	—	—	—	—	55,500
Capitalisation issue (Note d)	2,250	(2,250)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(16,514)	—	—	—	—	(16,514)
At 31 March 2021 (unaudited)	3,000	35,986	97,438	(1,327)	110	14,429	149,636

* Represent amounts less than HK\$1,000.

Note a: Share premium represents the excess of the net proceeds from issuance of the Company's share over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay our debts as and when they fall due in the ordinary course of business.

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

Note c: On 13 January 2021 the shares of the Company were listed on GEM of the Stock Exchange and 75,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.74 per share by way of share offer. The gross proceeds from the share offer amounted to HK\$55,500,000.

Note d: Pursuant to the resolutions in writing of the Company's shareholders passed on 11 December 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the Directors were authorised to allot and issue a total of 224,990,000 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$2,249,900 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 13 January 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 by way of placing and public offer on 13 January 2021 (the “**Listing**” or “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business and the Group’s headquarter is situated at Unit 817, 8/F, Tower B, Mandarin Plaza, 14 Science Museum Road, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of air-freight and ocean-freight forwarding services as an integrated logistics services provider.

At the date of this report, in the opinion of the directors of the Company, the Ultimate Controlling Parties are Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace, who have been acting in concert over the course of the Group’s business history.

Pursuant to a group reorganisation (the “**Reorganisation**”), which was completed on 20 July 2018, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the prospectus dated 30 December 2020 (the “**Prospectus**”) issued in connection with the Listing, the Company became the holding company of the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months ended 31 March 2021 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The HKICPA has issued a number of new/revised HKFRSs relevant to the Group which are effective for the current accounting period of the Group. They had no significant effect on the Group's results and financial position for the current or prior periods. The Group has not early applied any new/revised HKFRSs that have been issued but not yet effective for the current accounting period. The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's financial statements.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2021 are consistent with those adopted in preparing the 2020 Annual Report.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have not been audited by the Company's auditor but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. REVENUE

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within HKFRS 15		
Air-freight forwarding services	131,703	102,198
Ocean-freight forwarding services	5,377	10,012
	<hr/>	<hr/>
	137,080	112,210

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

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition:		
— Over time		
Air-freight forwarding services	131,703	102,198
Ocean-freight forwarding services	5,377	10,012
	<hr/>	<hr/>
	137,080	112,210

Segment information

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- 1) Air-freight forwarding segment: provision of air-freight forwarding services.
- 2) Ocean-freight forwarding segment: provision of ocean-freight forwarding services.

Segment revenue and results

Segment revenue represents revenue derived from provision of (i) air-freight forwarding services and (ii) ocean-freight forwarding services.

Segment results represent the gross profit reported by each segment without allocation of other income, administration and other operating expenses, provision for impairment loss on trade receivables, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM of the Group for the reportable segments for the period is as follows:

	Air-freight forwarding HK\$'000 (unaudited)	Ocean-freight forwarding HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Three months ended 31 March 2021			
Revenue			
Export	131,478	5,272	136,750
Import	225	105	330
Segment revenue	<u>131,703</u>	<u>5,377</u>	<u>137,080</u>
Segment results	<u>16,617</u>	<u>325</u>	<u>16,942</u>
Unallocated income and expenses:			
Other income			1,550
Administrative and other operating expenses			(7,290)
Provision for impairment loss on trade receivables			(772)
Finance costs			<u>(468)</u>
Profit before income tax			9,962
Income tax expenses			<u>(1,709)</u>
Profit for the period			<u>8,253</u>

	Air-freight forwarding HK\$'000 (unaudited)	Ocean-freight forwarding HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Three months ended 31 March 2020			
Revenue			
Export	102,025	9,969	111,994
Import	173	43	216
<hr/>			
Segment revenue	102,198	10,012	112,210
<hr/>			
Segment results	11,083	252	11,335
<hr/>			
Unallocated income and expenses:			
Other income			557
Administrative and other operating expenses			(6,974)
Provision for impairment loss on trade receivables			(192)
Finance costs			(668)
Listing expenses			(999)
<hr/>			
Profit before income tax			3,059
Income tax expenses			(775)
<hr/>			
Profit for the period			2,284
<hr/>			

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the export shipments by destination and import shipments by origin.

Location of revenue

Revenue generated from export shipments by destination

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Europe	65,165	59,626
Asia	15,625	25,060
North America	53,610	19,434
Others	2,350	7,874
	136,750	111,994

Revenue generated from import shipments by origin

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Europe	78	60
Asia	224	2
North America	—	28
Others	28	126
	330	216

Information about major customers

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

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A from air freight forwarding segment	40,648	22,755
Customer B from air freight forwarding segment	18,342	—*
Customer C from air freight forwarding segment	13,991	—*
	72,981	22,755

* The customers contributed less than 10% of the total revenue of the Group for the respective period.

4. OTHER INCOME

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	6	12
Recovery of bad debts previously written-off	9	9
Reversal of impairment loss on trade receivables	1,523	503
Sundry income	12	33
	1,550	557

5. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs		
Interest on interest-bearing borrowings	441	643
Interest on lease liabilities	27	25
	<hr/>	<hr/>
	468	668

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowance and other benefits in kind	2,603	3,602
Contributions to defined contribution plans	116	201
	<hr/>	<hr/>
Total staff costs	2,719	3,803
	<hr/>	<hr/>
Other items		
Depreciation	262	301
Exchange loss, net	56	39
Recovery of bad debts previously written off	(9)	(9)
Reversal of impairment loss on trade receivables, net	(751)	(311)
	<hr/>	<hr/>

6. INCOME TAX EXPENSES

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong profits tax		
Current year	1,709	775

Hong Kong profits tax was calculated at a flat rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2021 and 2020.

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

The Group's entities established in the PRC are subject to enterprise income tax of the PRC at a statutory rate of 25% during the three months ended 31 March 2021 and 2020.

7. EARNINGS PER SHARE

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

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	8,253	2,284
	'000	'000
	(unaudited)	(unaudited)
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	290,000	225,000

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share was on the basis as if the Capitalisation Issue had been effective on 1 January 2019.

Diluted earnings per share are same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2021 and 2020.

8. DIVIDEND

No dividend was paid or declared by the Company during the three months ended 31 March 2021 and 2020.

9. EVENT AFTER THE REPORTING PERIOD

As from 31 March 2021 to the date of this report, the Board is not aware of any significant events that have occurred which require disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is a long-established freight forwarder headquartered in Hong Kong, with sales force in Hong Kong and six regional offices in the PRC, including Shanghai, Shenzhen, Guangzhou, Xiamen, Tianjin and Fuzhou, focusing on the market in Hong Kong, the PRC and Macau.

The Group is principally engaged in providing air and ocean export and import freight forwarding services, which involve arranging shipment upon receipt of booking instructions from its customers, obtaining cargo space from cargo space suppliers (including airlines, shipping liners and other freight forwarders) and preparing the relevant 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.

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 Q12021, the Group recorded an unaudited consolidated revenue of approximately HK\$137.1 million (Q12020: approximately HK\$112.2 million), representing an increase of approximately 22.2% as compared with that of Q12020. Such increase was mainly attributable to the increase in revenue of the air freight forwarding segment, which is the Group's main business focus and represented approximately 96.1% of the Group's total revenue for Q12021, with reasons as set forth in the paragraph below.

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

	Q12021 (Unaudited)		Q12020 (Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	131,703	96.1	102,198	91.1
Ocean freight forwarding	5,377	3.9	10,012	8.9
	137,080	100.0	112,210	100.0

Air freight forwarding

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

The Group's revenue from air freight forwarding segment increased by approximately HK\$29.5 million or approximately 28.9%, from approximately HK\$102.2 million for Q12020 to approximately HK\$131.7 million for Q12021. Such increase was primarily because the Group's average selling price for export of air freight forwarding segment increased due to shortage of air cargo space supply during Q12021 as airlines had partially suspended their passenger flight services under the COVID-19 outbreak, and the Group was able to transfer the increase in freight charges to its customers with additional price mark-up.

Ocean freight forwarding

The Group's revenue from ocean freight forwarding segment decreased by approximately HK\$4.6 million or approximately 46.0%, from approximately HK\$10.0 million for Q12020 to approximately HK\$5.4 million for Q12021. Such decrease was primarily because of the decrease in shipment volume due to the decrease in a customer's demand for the Group's ocean freight forwarding services.

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 HK\$19.2 million or approximately 19.0%, from approximately HK\$100.9 million for Q12020 to approximately HK\$120.1 million for Q12021, which was generally in line with the increase in revenue generated from air freight forwarding segment and as a result of (i) the significant increase in freight charges, which was driven by the shortage of supply of cargo spaces from airlines due to suspension of flights under the COVID-19 outbreak; (ii) the increase in surcharges; and (iii) the increase in transportation and warehouse services in response to the increase in the Group's air freight forwarding business.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$5.6 million or approximately 49.6%, from approximately HK\$11.3 million for Q12020 to approximately HK\$16.9 million for Q12021, which was primarily reflected by the increase in gross profit from the Group's air export shipments. During Q12021, the outbreak of COVID-19 had caused full or partial suspension of passenger flights and resulted in a shortage of the overall air cargo space supply and increase of freight charges across the industry. With the continuous demand from the Group's customers, the Group was able to transfer the increased freight charges to its customers with additional price mark-up with relatively stable cost of services. Accordingly, both of the Group's gross profit and gross profit margin increased, the Group's gross profit margin for air export freight forwarding services increased from approximately 10.8% for Q12020 to approximately 12.6% for Q12021, and the Group's overall gross profit margin increased from approximately 10.1% to approximately 12.4% for the respective periods.

Other income

The Group's other income mainly represents interest income from bank deposits, recovery of bad debts previously written-off, reversal of impairment loss of trade receivables and sundry income.

The Group's other income increased by approximately HK\$1.0 million or approximately 166.7%, from approximately HK\$0.6 million for Q12020 to approximately HK\$1.6 million for Q12021, which was primarily attributable to the increase in reversal of impairment loss of trade receivables by approximately HK\$1.0 million or approximately 200% from approximately HK\$0.5 million for Q12020 to approximately HK\$1.5 million for Q12021.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses increased by approximately HK\$0.3 million or approximately 4.3%, from approximately HK\$7.0 million for Q12020 to approximately HK\$7.3 million for Q12021. The increase was mainly attributable to the increase in (i) legal and professional fees by approximately HK\$0.9 million; and (ii) entertainment and travelling expenses by approximately HK\$0.3 million incurred for the more frequent business development activities to explore business opportunities, which was partially offset by the decrease in staff cost by approximately HK\$1.1 million due to the decrease in discretionary bonus paid to employees and Directors.

Finance costs

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

The Group's finance costs decreased by approximately HK\$0.2 million or approximately 28.6% from approximately HK\$0.7 million for Q12020 to approximately HK\$0.5 million for Q12021. The decrease was mainly due to the decrease in interest expenses on interest-bearing borrowings by approximately HK\$0.2 million as the average balance of interest-bearing borrowings decreased during Q12021 compared with Q12020.

Taxation

The Group's income tax expenses increased by approximately HK\$0.9 million or approximately 112.5% from approximately HK\$0.8 million for Q12020 to approximately HK\$1.7 million for Q12021. The increase was mainly due to the increase in the Group's profit before tax by approximately HK\$6.9 million. The Group's effective tax rate for Q12020 and Q12021 after taken out one-off expenses (Listing expenses, provision for impairment loss/reversal of impairment loss on trade receivables) were approximately 20.7% and 18.6%, respectively.

Profit for the period

Due to the above factors, the profit before tax of the Group for Q12021 was approximately HK\$10.0 million, representing an increase of approximately HK\$6.9 million or 222.6% from approximately HK\$3.1 million for Q12020. The profit after tax of the Group for Q12021 was approximately HK\$8.3 million, representing an increase of approximately HK\$6.0 million or 260.9% from approximately HK\$2.3 million for Q12020.

Significant investments, material acquisitions and disposal of subsidiaries

Save for the reorganisation undertaken by the Group for the purpose of Listing as disclosed in the Prospectus, the Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during Q12021.

Future plans for material investments and capital assets

As at 31 March 2021, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Capital structure

As at 31 March 2021, the capital structure of the Group was mainly based on the equity attributable to the shareholders of the Company (the “**Shareholders**”) (including share capital and reserves). The total number of issued ordinary Shares was 300,000,000 with a par value of HK\$0.01 each (31 March 2020: 10,000 Shares).

Pledge of/charge on assets

As at 31 March 2021, the interest-bearing borrowings of the Group were secured by leasehold properties recognised under right-of-use assets, properties insurance on the pledged leasehold properties, pledged bank deposits and guarantee provided by the Government of the Hong Kong Special Administrative Region.

Contingent liabilities

The Group did not have any significant contingent liability as at 31 March 2021 (31 March 2020: Nil).

Capital commitments

The Group did not have any capital commitment as at 31 March 2021 (31 March 2020: Nil).

Foreign exchange risk

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 March 2021, foreign currency risk arose mainly because certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities.

Employees and pension scheme

As at 31 March 2021, the Group had 40 (31 March 2020: 42) full-time employees, of which, 25 of them were in Hong Kong and the rest of them were stationed in the PRC. Total staff cost for Q12021 and Q12020 were approximately HK\$2.7 million and HK\$3.8 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.

OUTLOOK AND PROSPECTS

The Group was listed on GEM of the Stock Exchange on the Listing Date and the fund raised from the Listing laid a solid foundation for the future development of the Group. Looking forward, with the aim of further developing its business and continuing its growth, the Group will continue to implement the following strategies and gradually utilise the net proceeds in accordance with the intended purpose as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus:

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

COVID-19 Outbreak

During Q12021, despite the outbreak of COVID-19 pandemic presents a continuous negative impact on the global business environment, there was no interruption to the Group’s business, daily operations employees and payment settlement from its customers as the Group’s employees in Hong Kong and the PRC were able to continue their communication and cooperation with cargo space suppliers, logistics services providers and customers through electronic media, telephone and remote access to the Group’s information technology system.

Pending on the development of COVID-19 subsequent to the date of this report, further changes in economic conditions may have an impact on the future financial results of the Group. The Group will closely monitor the situation of COVID-19 and react actively to its impact on the financial position and operating results of the Group. The Group will take appropriate measures as necessary and inform its Shareholders and potential investors of the Company as and when necessary.

U.S. — China Relations

The political tensions between the U.S and China had gradually decreased. With the easing of the U.S.-China trade relation since China and the U.S. entered into the phase one trade agreement on 15 January 2020, it is anticipated that such favourable development should bring positive effect on global trade in the near future.

The Group will closely monitor further developments of the U.S.–China trade war and react actively to its impact on the financial position and operating results of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the Shares from the Listing Date to 31 March 2021 (the “**Relevant Period**”).

DIVIDEND

The Directors did not recommend the payment of any dividend for Q12021 (Q12020: Nil).

USE OF PROCEEDS

The net proceeds (after deducting related underwriting fees and commissions and expenses payable in connection with the share offering) raised by the Company from the Listing were approximately HK\$5.2 million (based on the final offer price of HK\$0.74 per share).

No material changes have occurred in respect of the business objectives as set out in the Prospectus for the Relevant Period.

	Amount of net proceeds allocated	Percentage of total amount	Amount utilized as at 31 March 2021	Remaining balance as at 31 March 2021	Expected time frame for remaining unused net proceeds
	HK\$ million (approximate)	(%) (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	(Note)
Further developing the Group's air freight forwarding business					
— Financing the Group's additional payment obligation to procure new cargo spaces	3.1	59.7	0.2	2.9	By 31 December 2022
— Placing bank guarantee	1.0	19.2	1.0	—	—
Open new regional office in the PRC					
— Initial setup costs	0.4	7.7	—	0.4	By 30 June 2021
— Recurring costs	0.1	1.9	—	0.1	By 30 June 2022
Undertaking charter flights	0.5	9.6	—	0.5	By 31 December 2021
General working capital	0.1	1.9	0.1	—	—
Total	5.2	100.0	1.3	3.9	

Note: The expected timeline for utilizing the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group as at the date of this report. It may be subject to change based on the current and future development of the market conditions.

OTHER INFORMATION

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

As at 31 March 2021, 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 (Cap.571) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Capacity/ Nature of Interest	Total Number of Shares held (L) (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 interest for the purpose of the SFO.

Save as disclosed above, as at 31 March 2021, none of the Director nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2021, 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)	Approximate Percentage of Shareholding
Profit Virtue	Beneficial owner	112,500,000	37.5%
Peak Connect	Beneficial owner	112,500,000	37.5%

Note:

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

Save as disclosed above, as at the 31 March 2021, 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.

SHARE OPTION SCHEME

The Share Option Scheme has been conditionally adopted by the Company on 11 December 2020, with an effective life for 10 years from the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

There were no outstanding options as at 31 March 2021. No options had been granted, agreed to be granted, exercised or cancelled or lapsed under the Share Option Scheme during Q12021.

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 Q12021.

CORPORATE GOVERNANCE CODE

The Company has adopted and complied with, where applicable, the Corporate Governance Code in Appendix 15 (the “**CG Code**”) to the GEM Listing Rules for the Relevant Period to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

Chairman and Chief Executive Officer

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

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 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 office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he was a Director.

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

INTERESTS OF COMPLIANCE ADVISER

As notified by VBG Capital Limited (“**VBG**”), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and VBG dated 11 December 2020, neither VBG nor any of its close associates (as defined in the GEM Listing Rules), the directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during Q12021 and up to the date of this report.

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 ((being 10 May 2021) for the purpose of ascertaining the information contained in this report prior to its publication).

AUDIT COMMITTEE

The Group's unaudited consolidated financial statements for Q12021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for Q12021 have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board

CHIU Ricky Tong

*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 10 May 2021

As at the date of this report, 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. Ng Hung Fai Myron, Mr. Tam Ka Hei Raymond, Mr. Yu Tak Chi Michael and Mr. Yeung Kwong Wai.