



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

INTERIM REPORT
2021

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chiu Ricky Tong (*Chairman and Chief Executive Officer*)

Mr. Tse Chi Kwan Decky

Non-executive Directors

Ms. Wong Sheng Ning Candace

Mr. Heung Wai Keung

Independent non-executive Directors

Mr. Tam Ka Hei Raymond

Mr. Ng Hung Fai Myron

Mr. 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

Ernst & Young

LEGAL ADVISER

CFN Lawyers

REGISTERED OFFICE

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**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

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Limited

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PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited

China CITIC Bank International Limited

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE ADDRESS

www.grandpowerexpress.com

STOCK CODE

8489

INTERIM UNAUDITED RESULTS

HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the six months ended 30 June 2021 was approximately HK\$304.7 million (2020: approximately HK\$455.7 million), representing a decrease of approximately 33.1% as compared with that for the corresponding period in 2020.
- The Group recorded a profit attributable to owners of the Company of approximately HK\$13.8 million for the six months ended 30 June 2021 (2020: approximately HK\$24.2 million).
- The basic and diluted earnings per share of the Company was approximately HK4.68 cents for the six months ended 30 June 2021 (2020: approximately HK10.75 cents).

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2021, together with the comparative unaudited figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	167,645	343,504	304,725	455,714
Cost of services		(151,220)	(306,100)	(271,358)	(406,975)
Gross profit		16,425	37,404	33,367	48,739
Other income	4	92	114	1,642	671
Administrative and other operating expenses		(9,383)	(9,096)	(16,673)	(16,070)
Provision for impairment loss on trade receivables		(127)	—	(899)	(192)
Finance costs	5	(63)	(603)	(531)	(1,271)
Listing expenses		—	(999)	—	(1,998)
Profit before income tax	5	6,944	26,820	16,906	29,879
Income tax expenses	6	(1,396)	(4,926)	(3,105)	(5,701)
Profit for the period		5,548	21,894	13,801	24,178
Other comprehensive income (loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on consolidation		371	7	272	(467)
Total comprehensive income for the period		5,919	21,901	14,073	23,711
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company					
Basic and diluted	7	1.85	9.73	4.68	10.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	33,454	34,662
Deferred tax assets		126	126
		33,580	34,788
Current assets			
Trade and other receivables	10	125,159	193,773
Pledged bank deposits		23,067	24,696
Bank balances and cash		72,973	27,580
		221,199	246,049
Current liabilities			
Trade and other payables	11	66,440	122,203
Tax payables		10,485	7,504
Interest-bearing borrowings	12	21,834	48,038
Lease liabilities	13	451	596
		99,210	178,341
Net current assets		121,989	67,708
Total assets less current liabilities		155,569	102,496
Non-current liabilities			
Lease liabilities	13	14	—
		14	—
NET ASSETS		155,555	102,496

		At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Capital and reserves			
Share capital	14	3,000	—*
Reserves		152,555	102,496
TOTAL EQUITY		155,555	102,496

* Represents amount less than HK\$1,000.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Reserves					Accumulated (losses) profits	Total
	Share capital	Share premium (Note a)	Capital reserve (Note b)	Translation reserve	Statutory reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	—*	—*	97,438	(829)	110	(16,998)	79,721
Profit for the period	—	—	—	—	—	24,178	24,178
Other comprehensive loss: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(467)	—	—	(467)
Total comprehensive loss for the period	—	—	—	(467)	—	24,178	23,711
At 30 June 2020	—*	—*	97,438	(1,296)	110	7,180	103,432
At 1 January 2021	—*	—*	97,438	(1,228)	110	6,176	102,496
Profit for the period	—	—	—	—	—	13,801	13,801
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	272	—	—	272
Total comprehensive income for the period	—	—	—	272	—	13,801	14,073
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 30 June 2021	3,000	35,986	97,438	(956)	110	19,977	155,555

* 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 its 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 Reorganisation undergone for the Listing and (ii) staff costs borne by Mr. Chiu Ricky Tong and Ms. Wong Sheng Ning Candace (together the "**Ultimate Controlling Party**") in prior years.

Note c: On 13 January 2021 the shares of the Company were listed on GEM of the Stock Exchange ("**GEM**") 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 ("**Share Offer**"). The gross proceeds from the Share Offer amounted to HK\$55,000,000.

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Net cash generated from operating activities	25,769	24,326
INVESTING ACTIVITIES		
Decrease in pledged bank deposits	1,629	6,621
Interest received	11	26
Purchase of property, plant and equipment	(44)	—
Net cash from investing activities	1,596	6,647
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	—	49,964
Repayment of interest-bearing borrowings	(26,207)	(24,203)
Proceeds from issue of shares by way of share offer	55,500	—
Transaction costs paid attributable to issue of new shares	(10,866)	—
Repayment of lease liabilities	(458)	(440)
Net cash from financing activities	17,969	25,321
Net increase in cash and cash equivalents	45,334	56,294
Cash and cash equivalents at beginning of the period	27,580	26,141
Effect on exchange rate changes	59	(232)
Cash and cash equivalents at the end of period, represented by bank balances and cash	72,973	82,203

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Grand Power Logistics Group Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 under the Companies Act of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange by way of placing and public offer on 13 January 2021 (the “**Listing**” or “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business and the Group’s headquarter is situated at Unit 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 the Ultimate Controlling Party, 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 interim financial information for the six months ended 30 June 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 accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those adopted in preparing the 2020 Annual Report except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

HKFRSs as at 30 June 2021

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued the following revised HKFRSs, which are effective for the financial year ending 31 December 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

Except for the amendment to HKFRS 16 issued in April 2021, the Group does not early adopt the following HKFRSs which were in issue as at 30 June 2021 but are not yet effective for the financial year ending 31 December 2021:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework (apb 1 January 2022)</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>
Amendment to HKFRS 16 (apb 1 April 2021) HKFRS 17	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 Insurance Contracts (apb 1 January 2023)**</i>
Amendments to HKFRS 17	<i>Insurance Contracts (apb 1 January 2023)**</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (apb 1 January 2023)***</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies (apb 1 January 2023)</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates (apb 1 January 2023)</i>

Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (apb 1 January 2023)</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use (apb 1 January 2022)</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract (apb 1 January 2022)</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, HKAS 41 and Illustrative Examples accompanying HKFRS 16, and HKAS 41 (apb 1 January 2022)</i>

“apb” means effective for annual periods beginning on or after

- * No mandatory effective date yet determined but available for adoption
- ** As a consequence of the amendments to HKFRS 17 issued in October 2020, the effective date of HKFRS 17 was deferred to 1 January 2023, and HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
- *** As a consequence of the amendments to HKAS 1 issued in August 2020, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

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

The preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 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 six months ended 30 June 2021 have not been audited by the Company’s auditors but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

3. REVENUE

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers				
within HKFRS 15				
Air-freight forwarding services	157,793	340,480	289,496	442,678
Ocean-freight forwarding services	9,852	3,024	15,229	13,036
	167,645	343,504	304,725	455,714

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		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition:				
— Over time				
Air-freight forwarding services	157,793	340,480	289,496	442,678
Ocean-freight forwarding services	9,852	3,024	15,229	13,036
	167,645	343,504	304,725	455,714

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)
Six months ended 30 June 2021			
Revenue			
Export	289,370	14,748	304,118
Import	126	481	607
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Segment revenue	289,496	15,229	304,725
<hr/>			
Segment results	32,454	913	33,367
<hr/>			
Unallocated income and expenses:			
Other income			1,642
Administrative and other operating expenses			(16,673)
Provision for impairment loss on trade receivables			(899)
Finance costs			(531)
Listing expenses			—
<hr/>			
Profit before income tax			16,906
Income tax expenses			(3,105)
<hr/>			
Profit for the period			13,801
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	Air-freight forwarding HK\$'000 (Unaudited)	Ocean-freight forwarding HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
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Six months ended 30 June 2020

Revenue

Export	442,500	12,189	454,689
Import	178	847	1,025

Segment revenue	442,678	13,036	455,714
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Segment results	48,683	56	48,739
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Unallocated income and expenses:

Other income			671
Administrative and other operating expenses			(16,070)
Provision for impairment loss on trade receivables			(192)
Finance costs			(1,271)
Listing expenses			(1,998)

Profit before income tax			29,879
Income tax expenses			(5,701)

Profit for the period			24,178
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Geographical information

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

Location of revenue

Revenue generated from export shipments by destination

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	132,466	272,484
Asia	35,811	39,894
North America	130,044	131,727
Others	5,797	10,584
	<hr/>	<hr/>
	304,118	454,689

Revenue generated from import shipments by origin

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	521	855
Asia	13	14
North America	1	30
Others	72	126
	<hr/>	<hr/>
	607	1,025

Information about major customers

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer B from air freight forwarding segment	99,232	169,356
Customer C from air freight forwarding segment	33,172	56,540
	132,404	225,896

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	5	14	11	26
Recovery of bad debts previously written-off	9	9	18	18
Reversal of impairment loss on trade receivables	43	—	1,566	503
Sundry income	35	91	47	124
	92	114	1,642	671

5. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance costs				
Interest on interest-bearing borrowings	56	590	516	1,243
Interest on lease liabilities	7	13	15	28
	63	603	531	1,271
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowance and other benefits in kind	3,515	2,048	6,118	5,650
Contributions to defined contribution plans	255	113	371	314
Total staff costs	3,770	2,161	6,489	5,964
Other items				
Depreciation	493	616	1,286	1,440
Exchange loss/(gain), net	39	(64)	95	(25)
Recovery of bad debts previously written-off	(9)	(9)	(18)	(18)
Reversal of impairment loss on trade receivables, net	84	—	(667)	(311)

6. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Current tax

Hong Kong profits tax

Current year	1,396	4,926	3,105	5,701
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Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the six months ended 30 June 2021 and 2020.

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

The Group's entities established in the PRC are subject to enterprise income tax of the PRC at a statutory rate of 25% during the six months ended 30 June 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		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Profit for the period attributable to owners
of the Company used in basic and diluted
earnings per share calculation

	5,548	21,894	13,801	24,178
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	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares:

Weighted average number of ordinary shares
for basic and diluted earnings per share
calculation

	300,000	225,000	295,028	225,000
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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 2021.

Diluted earnings per share are same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

8. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group had acquired property, plant and equipment of approximately HK\$44,000 (2020: nil). No property, plant and equipment (2020: nil) were written off or disposed of during the six months ended 30 June 2021.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	122,927	186,790
<i>Less: Loss allowances</i>	(899)	(1,566)
	122,028	185,224
Other receivables		
Prepayments (<i>Note</i>)	—	5,748
Deposits and other receivables	3,131	2,801
	3,131	8,549
	125,159	193,773

Note: The amount included prepaid listing expenses of approximately HK\$5,648,000 at 31 December 2020 and had been released to equity upon the issuance of the Company's shares for the Listing on 13 January 2021.

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The average credit period granted was up to 90 days. At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowances) based on invoice date is as follows:

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Within 30 days	56,349	108,869
31 to 60 days	51,132	72,819
61 to 90 days	14,516	3,531
Over 90 days	31	5
	122,028	185,224

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

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Not yet due	122,028	185,219
Past due:		
Within 30 days	—	5
31 to 60 days	—	—
61 to 90 days	—	—
Over 90 days	—	—
	—	5
	122,028	185,224

The Group does not hold any collateral over these balances, except for a debtor with gross trade receivables of approximately HK\$8,142,000 included in the trade receivables at 31 December 2019 which was guaranteed by the controlling shareholder of the debtor. At 31 December 2019, an impairment of approximately HK\$8,092,000 was made in respect of the trade receivables from this debtor because a winding up petition/bankruptcy petition has been filed on the debtor and its controlling shareholder. During the year ended 31 December 2020, the impaired trade receivable of approximately HK\$8,092,000 was fully written off as the debtor was wound up by the court in October 2020 and the bankruptcy order in respect of the controlling shareholder of the debtor was made in June 2020.

The Group has not impaired certain of its trade receivables which are past due at the end of the reporting periods as there has not been a significant change in credit quality.

Loss allowances

The Group determines the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account the prevailing economic conditions. For trade receivables relating to accounts which are long overdue with significant amounts with known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Balance at beginning of the reporting period	1,566	10,059
Increase in allowance	899	1,566
Amounts recovered	(1,566)	(647)
Amounts written off	—	(9,412)
Balance at the end of the reporting period	899	1,566

For the purposes of estimating the expected credit losses, the trade receivables are grouped according to the nature of the credit risk, i.e. whether it is principally a risk of non-payment (credit impaired) or a risk of late-payment only (non-credit impaired). The Group applies a provision matrix to those groups which is based on the historical observed loss rates over the expected life of the trade receivables which is adjusted for forward-looking estimates; and/or with reference to the subsequent settlement received. In addition, the Group adopted a simplified approach to recognise full provision on individual debtor with insignificant balance and without guarantee executed with more than 90 days past due (net of subsequent settlement received) as the Group considers the expected costs to be incurred for the debt recovery actions would out-weight the expected recoverable amount. At the end of the reporting period, the grouping and the historical observed loss rates are updated in light of the latest information that is relevant for the credit risk assessment and changes in the forward-looking estimates are analysed.

The changes in the loss allowances were driven by the changes in the credit risk profile of the outstanding trade debtors under the COVID-19 outbreak.

The information about the exposure to credit risk and expected credit losses for trade receivables using a provision matrix is summarised as follows:

At 30 June 2021

	Weighted- average loss rate % (approximately)	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
Non-credit impaired				
— Without guarantee	0.7%	122,927	(899)	122,028
Credit impaired				
Over 90 days				
— Without guarantee	0%	—	—	—
		122,927	(899)	122,028

At 31 December 2020

	Weighted- average loss rate % (approximately)	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
Non-credit impaired				
— Without guarantee	0.8%	186,727	(1,508)	185,219
Credit impaired				
Over 90 days				
— Without guarantee	92.1%	63	(58)	5
		186,790	(1,566)	185,224

11. TRADE AND OTHER PAYABLES

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Trade payables	63,035	106,269
Other payables		
Accruals and other payables (Note)	3,126	14,936
Salaries payables	—	719
Contract liabilities	279	279
	3,405	15,934
	66,440	122,203

Note: The amount included accrued listing expenses of approximately HK\$6,397,000 at 31 December 2020 and had been fully settled during the six months ended 30 June 2021.

The trade payables are non-interest bearing and the Group is normally being granted with credit terms up to 60 days.

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

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Within 30 days	44,948	72,714
31 to 60 days	17,681	32,289
61 to 90 days	227	984
Over 90 days	179	282
	63,035	106,269

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities within HKFRS 15 during the six months ended 30 June 2021 and the year ended 31 December 2020 are as follows:

	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
At the beginning of the reporting period	279	1,398
Refund made	—	(1,153)
Exchange realignments	—	34
At the end of the reporting period	279	279

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period of approximately HK\$279,000 (31 December 2020: HK\$279,000). At 30 June 2021, the Group expects the transaction price of approximately HK\$279,000 (31 December 2020: HK\$279,000) allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the relevant customers exercise their right to utilise.

12. INTEREST-BEARING BORROWINGS

At the end of the reporting period, details of the interest-bearing borrowings of the Group are as follows:

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Interest-bearing borrowings — secured	21,834	48,038

The interest-bearing borrowings represent amounts due to various banks which are due within 1 year, 5 years or 15 years since its inception at 30 June 2021 and 31 December 2020 and normally be renewed with banks upon expiry/maturity.

The weighted average effective interest rates of the interest-bearing borrowings at 30 June 2021 and 31 December 2020 are approximately 1.48% and 4.22%, respectively.

The interest-bearing borrowings are secured by:

- i) leasehold properties recognised under right-of-use assets with aggregate net carrying amount at the end of the reporting period of approximately HK\$31,735,000 (31 December 2020: HK\$32,363,000);
- ii) properties insurance on the pledged leasehold properties executed by the Group in favour of the bank with coverage at the end of the reporting period amounting to HK\$14,150,000 (31 December 2020: HK\$14,150,000);
- iii) pledged bank deposits with carrying amount at the end of the reporting period of HK\$23,067,000 (31 December 2020: HK\$24,696,000);
- iv) guarantees provided by the Ultimate Controlling Party and a related company ultimately controlled by the Ultimate Controlling Party at 31 December 2020, and/or
- v) guarantee provided by the Government of the Hong Kong Special Administrative Region.

All of the banking facilities are subject to the fulfilment of covenants relating to certain subsidiaries' financial ratios based on their statements of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, the subsidiaries' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiaries have complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the banks will exercise their discretion to demand repayment so long as the Group continues to make payments according to the schedule of the loans. At 30 June 2021 and 31 December 2020, none of the covenants relating to drawn down facilities had been breached.

The guarantees provided by the Ultimate Controlling Party and the related company ultimately controlled by the Ultimate Controlling Party were released and replaced by the corporate guarantees provided by the Company and its subsidiary subsequent to the Listing on 13 January 2021.

13. LEASE LIABILITIES

	At 30 June 2021 <i>HK\$'000</i> (Unaudited)	At 31 December 2020 <i>HK\$'000</i> (Audited)
Right-of-use assets		
Furniture and fixtures	9	4
Leasehold properties	31,735	32,363
Leased offices	421	577
	32,165	32,944
Lease liabilities		
Current	451	596
Non-current	14	—
	465	596

The Group had the following depreciation charges relating to leases during the reporting periods:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Depreciation charges of right-of-use assets		
Furniture and fixtures	2	2
Leasehold properties	628	628
Leased offices	435	417
	1,065	1,047

The total cash outflow for leases for the six months ended 30 June 2021 is HK\$458,000 (2020: HK\$440,000).

The 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 six months ended 30 June 2021, all of the Group's lease contracts for leased properties contains an extension or termination option, in which the total lease payment made amounted to HK\$458,000 (2020: HK\$440,000), representing the total cash outflows for lease during the reporting period.

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right of use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

At 30 June 2021 and 31 December 2020, the Group has no commitment to lease contracts in relation to leased properties that have not yet commenced.

During the six months ended 30 June 2021 and year ended 31 December 2020, no lease contract contains variable lease payment terms.

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payment	
	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Amounts payable:				
Within one year	464	611	465	596
More than one year, but not exceeding two years	9	—	—	—
	473	611	465	596
Less: future finance charges	(8)	(15)	—	—
Total lease liabilities	465	596	465	596

The weighted average annual effective interest rates of the lease liabilities at 30 June 2021 is 2.94% (at 31 December 2020: 5.29%).

14. SHARE CAPITAL

	At 30 June 2021 (Unaudited)		At 31 December 2020 (Audited)	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each				
At the beginning of the reporting period	2,000,000	20,000	38,000	380
Increase in authorised share capital	—	—	1,962,000	19,620
At the end of the reporting period	2,000,000	20,000	2,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At the beginning of the reporting period	10	—*	10	—*
Issue of shares by way of share offer	75,000	750	—	—
Capitalisation issue	224,990	2,250	—	—
At the end of the reporting period	300,000	3,000	10	—*

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

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 March 2018 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares at HK\$0.01 each and 2 ordinary shares were issued. On 20 July 2018, further 9,888 ordinary shares were issued at HK\$0.01 each.

Pursuant to the resolution of the shareholders passed on 11 December 2020, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of additional 1,962,000,000 shares of HK\$0.01 each and the Capitalisation Issue was conditionally approved.

Pursuant to the resolution 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 of the Company 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 be credit of the share premium account of the Company 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).

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

15. EVENT AFTER THE REPORTING PERIOD

As from 30 June 2021 to the date of this report, save for the appointment of Ernst & Young as the auditor of the Company with effect from 9 July 2021 following the retirement of Mazars CPA Limited (details of which are set out in the announcements of the Company dated 25 March 2021 and 9 July 2021), 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 the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$304.7 million (2020: approximately HK\$455.7 million), representing a decrease of approximately 33.1% as compared with that of the corresponding period in 2020. Such decrease was mainly attributable to the decrease in revenue of the air freight forwarding segment, which is the Group's main business focus and represented approximately 95.0% of the Group's total revenue for the six months ended 30 June 2021, 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 years indicated:

	Six months ended 30 June			
	2021		2020	
	(Unaudited)		(Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	289,496	95.0	442,678	97.1
Ocean freight forwarding	15,229	5.0	13,036	2.9
	304,725	100.0	455,714	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 decreased by approximately HK\$153.2 million or approximately 34.6% from approximately HK\$442.7 million for the six months ended 30 June 2020 to approximately HK\$289.5 million for the six months ended 30 June 2021. Such decrease was primarily because the Group's selling price for export of air freight forwarding segment decreased as the pandemic eased and flight services resumed during the six months ended 30 June 2021, air cargo space supply increased which resulted in a decrease in selling price of air cargo space during the six months ended 30 June 2021.

There was a steep increase in selling price of air cargo space during the six months period ended 30 June 2020 as compared to previous years due to the exceptional shortage of air cargo space supply as a result of the widespread suspension of passenger flight services during the height of the COVID-19 pandemic. As the

pandemic eased and flight services resumed during the six months period ended 30 June 2021, air cargo space supply increased which resulted in a decrease in selling price of air cargo space during the six months period ended 30 June 2021.

Ocean freight forwarding

The Group's revenue from ocean freight segment increased by approximately HK\$2.2 million or approximately 16.9% from approximately HK\$13.0 million for the six months ended 30 June 2020 to approximately HK\$15.2 million for the six months ended 30 June 2021. Such increase was primarily because of the increase in 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 decreased from approximately HK\$407.0 million for the six months ended 30 June 2020 to approximately HK\$271.4 million for the six months ended 30 June 2021, which was generally in line with the decrease in revenue generated from air freight forwarding segment and as a result of (i) the significant decrease in freight charges as the shortage of supply of cargo spaces from airlines due to cancellation of flights under the COVID-19 outbreak was eased by the recovery of the aviation industry; (ii) the decrease in surcharges; and (iii) the decrease in consumption of transportation and warehouse services in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$15.3 million or approximately 31.4%, from approximately HK\$48.7 million for the six months ended 30 June 2020 to approximately HK\$33.4 million for the six months ended 30 June 2021, which was primarily reflected by the decrease in gross profit from the Group's air export shipments. During the six months ended 30 June 2021, the aviation industry gradually recovered which resulted in the overall supply and demand of air cargo space regaining normalcy and decrease of freight charges across the industry. Therefore, it was no longer necessary for the Group to charter as many flights for which it may be unable to transfer the freight charges to its customers with additional price mark-up. Despite the decrease in the gross profit of the Group, the Group's overall gross margin remained roughly the same at approximately 10.9% (2020: approximately 10.7%) due to the corresponding decrease in cost of services.

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 on trade receivables and sundry income.

The Group's other income increased by approximately HK\$0.9 million or approximately 128.6%, from approximately HK\$0.7 million for the six months ended 30 June 2020 to approximately HK\$1.6 million for the six months ended 30 June 2021, which was primarily attributable to the increase in reversal of impairment loss on trade receivables by approximately HK\$1.1 million or approximately 220.0% from approximately HK\$0.5 million for the six months ended 30 June 2020 to approximately HK\$1.6 million for the six months ended 30 June 2021.

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\$0.6 million or approximately 3.7%, from approximately HK\$16.1 million for the six months ended 30 June 2020 to approximately HK\$16.7 million for the six months ended 30 June 2021. The increase was mainly attributable to the increase in legal and professional fees by approximately HK\$0.6 million.

Finance costs

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

Finance expenses decreased by approximately HK\$0.8 million or approximately 61.5% from approximately HK\$1.3 million for the six months ended 30 June 2020 to approximately HK\$0.5 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in interest expenses on interest-bearing borrowings by approximately HK\$0.8 million as the average balance of interest-bearing borrowings decreased during the six months ended 30 June 2021 compared with the six months ended 30 June 2020.

Taxation

The Group's income tax expenses decreased by approximately HK\$2.6 million or approximately 45.6% from approximately HK\$5.7 million for the six months ended 30 June 2020 to approximately HK\$3.1 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in the Group's profit before tax by approximately HK\$13.0 million. The Group's effective tax rate for the six months ended 30 June 2020 and the six months ended 30 June 2021 were approximately 18.4% and 19.1%, respectively.

Liquidity and financial resources

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

As at 30 June 2021, the interest-bearing borrowings were made in HK\$ (31 December 2020: HK\$) and amounted to approximately HK\$21.8 million (31 December 2020: approximately HK\$48.0 million). The Group's gearing ratio, which was calculated based on the total debts divided by total equity as at the respective dates and multiplied by 100%, was approximately 14.3% as at 30 June 2021 (31 December 2020: approximately 47.4%).

Profit for the period

Due to the above factors, the profit before tax of the Group was approximately HK\$16.9 million for the six months ended 30 June 2021, representing a decrease of approximately HK\$13.0 million or 43.5%, from approximately HK\$29.9 million for the six months ended 30 June 2020. The profit after tax of the Group was approximately HK\$13.8 million for the six months ended 30 June 2021, representing a decrease of approximately HK\$10.4 million or 43.0%, from approximately HK\$24.2 million for the six months ended 30 June 2020.

Significant investments, material acquisitions and disposal of subsidiaries

Save for the reorganisation undertaken by the Group for the purpose of the Listing as disclosed in the Prospectus, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

Future plans for material investments and capital assets

As at 30 June 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 30 June 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 December 2020: 10,000 Shares).

Pledge of/charge on assets

As at 30 June 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 30 June 2021 (31 December 2020: Nil).

Capital commitments

The Group did not have any capital commitment as at 30 June 2021 (31 December 2020: Nil).

Financial management and treasury policy

The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. The Group's treasury policies mainly include managing capital liquidity and yield to safeguard the healthy development of the principal businesses of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group is from time to time considering various alternatives including but not limited to financial institution borrowings, non-financial institution borrowings, bonds issuance, etc.

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 30 June 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 30 June 2021, the Group had 40 (31 December 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 the six months ended 30 June 2021 and the six months ended 30 June 2020 were approximately HK\$6.5 million and HK\$6.0 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 ("**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 13 January 2021 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 the six months ended 30 June 2021, as the pandemic eased and flight services resumed, there was no further 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. However, with the easing of the pandemic situation, there was a significant decrease in freight charges given the supply of cargo spaces from airlines returned to normal levels which resulted in the decrease in revenue and net profit of the Group during the six months ended 30 June 2021.

Subject to any further development of the COVID-19 pandemic 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 the COVID-19 pandemic 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 the Shareholders and potential investors of the Company as and when necessary.

U.S.-China Relations

Although the political tension between the U.S. and China has not had a significant impact on the Group, the uncertainties surrounding the continuous development of intensifying rivalries between the two superpowers may destabilise the global economy which will in turn affect the Group. The Group will continuously monitor the changing situations and make timely responses and adjustments as needed.

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 30 June 2021 (the “**Relevant Period**”).

DIVIDEND

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2021 (2020: Nil).

USE OF PROCEEDS

The net proceeds (after deducting related underwriting fees and commissions and expenses payable in connection with the share offer) 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). Such net proceeds have been and are expected to continue to be used in accordance with the proposed allocations set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus, which is summarised in the table below.

	Amount of net proceeds allocated <i>HK\$ million</i> <i>(approximate)</i>	Percentage of total amount <i>(%)</i> <i>(approximate)</i>	Amount utilised as at 30 June 2021 <i>HK\$ million</i> <i>(approximate)</i>	Remaining balance as at 30 June 2021 <i>HK\$ million</i> <i>(approximate)</i>	Expected time frame for remaining unused net proceeds <i>(Note)</i>
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	0.4	2.7	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 31 December 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	1.5	3.7	

Note: The expected timeline for utilising the unutilised 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 30 June 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) <i>(Note 1)</i>	Approximate Percentage of Shareholding
Mr. Chiu Ricky Tong ("Mr. Chiu")	Interest in controlled corporations <i>(Note 2)</i>	225,000,000	75%
Ms. Wong Sheng Ning Candace ("Ms. Wong")	Interest of spouse <i>(Note 3)</i>	225,000,000	75%

Notes:

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

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

Save as disclosed above, as at 30 June 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 30 June 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 30 June 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 or underlying Shares that was required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 11 December 2020, with an effective life of 10 years from the Listing Date. 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 30 June 2021. No options had been granted, agreed to be granted, exercised or cancelled or lapsed under the Share Option Scheme since its adoption.

COMPETING INTERESTS

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

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 and its business prospects that Mr. Chiu continues to act as both the chairman and chief executive officer. The Board considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises 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 the best interest of the Company and the Shareholders as a whole to separate the roles of the chairman and the chief executive officer, because such separation would render the decision-making process of the Company less efficient than the current structure. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the Shareholders as a whole and the deviation from paragraph 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.

Update on the Directors' Information Under Rule 17.50A(1) of the GEM Listing Rules

The change in Directors' information since the date of the 2020 Annual Report is set out below:

Ms. Wong Sheng Ning Candace, a non-executive Director, changed her Chinese name from 王晟寧 to 王緜滢 with effect from 7 July 2021, while her English name remains the same.

Save as disclosed above, the Company is not aware of other changes in Directors' information which requires disclosure pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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. 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.

INTERESTS OF COMPLIANCE ADVISER

As notified by VBG Capital Limited (“**VBG**”), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and VBG dated 11 December 2020, neither VBG nor any of its directors, employees and close associates (as defined in the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules during the Relevant Period 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 9 August 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 the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 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, 9 August 2021

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