



**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

**THIRD QUARTERLY REPORT**  
**2021**

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*This report will be available on the Company’s website at [www.grandpowerexpress.com](http://www.grandpowerexpress.com) and will remain on the “Latest Listed Company Information” page on the GEM website at [www.hkgem.com](http://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 BANKERS**

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Limited

China CITIC Bank International Limited

The Hongkong and Shanghai Banking  
Corporation Limited

**WEBSITE ADDRESS**

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**STOCK CODE**

8489

## THIRD QUARTERLY UNAUDITED RESULTS

### HIGHLIGHTS

- The revenue of the Group for the nine months ended 30 September 2021 (“**Q32021**”) was approximately HK\$538.1 million (nine months ended 30 September 2020 (“**Q32020**”): approximately HK\$596.4 million), representing a decrease of approximately 9.8% as compared with Q32020.
- The Group recorded a profit attributable to owners of the Company of approximately HK\$14.9 million for Q32021 (Q32020: approximately HK\$26.6 million).
- The basic and diluted earnings per share of the Company was approximately HK5.03 cents for Q32021 (Q32020: approximately HK11.82 cents).

The Board is pleased to present the unaudited condensed consolidated results of the Group for Q32021, together with the comparative unaudited figures for Q32020.

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

For the nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>233,340</b>	140,703	<b>538,065</b>	596,417
Cost of services		<b>(218,628)</b>	(127,306)	<b>(489,986)</b>	(534,281)
Gross profit		<b>14,712</b>	13,397	<b>48,079</b>	62,136
Other income	4	<b>18</b>	32	<b>1,660</b>	703
Administrative and other operating expenses		<b>(13,173)</b>	(8,482)	<b>(29,846)</b>	(24,552)
Provision for impairment loss on trade receivables		<b>125</b>	—	<b>(774)</b>	(192)
Finance costs	5	<b>(202)</b>	(612)	<b>(733)</b>	(1,883)
Listing expenses		<b>—</b>	(999)	<b>—</b>	(2,997)
<b>Profit before income tax</b>	5	<b>1,480</b>	3,336	<b>18,386</b>	33,215
Income tax expenses	6	<b>(350)</b>	(908)	<b>(3,455)</b>	(6,609)
<b>Profit for the period</b>		<b>1,130</b>	2,428	<b>14,931</b>	26,606
<b>Other comprehensive income (loss):</b> <i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on consolidation		<b>528</b>	375	<b>800</b>	(92)
<b>Total comprehensive income for the period</b>		<b>1,658</b>	2,803	<b>15,731</b>	26,514
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to owners of the Company</b>					
Basic and diluted	7	<b>0.38</b>	1.08	<b>5.03</b>	11.82

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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	—	—	—	—	—	26,606	26,606
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(92)	—	—	(92)
<b>Total comprehensive loss for the period</b>	—	—	—	(92)	—	26,606	26,514
At 30 September 2020	—*	—*	97,438	(921)	110	9,608	106,235
At 1 January 2021	—*	—*	97,438	(1,228)	110	6,176	102,496
Profit for the period	—	—	—	—	—	14,931	14,931
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	800	—	—	800
<b>Total comprehensive income for the period</b>	—	—	—	800	—	14,931	15,731
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)
<b>At 30 September 2021</b>	<b>3,000</b>	<b>35,986</b>	<b>97,438</b>	<b>(428)</b>	<b>110</b>	<b>21,107</b>	<b>157,213</b>

\* 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Grand Power Logistics Group Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 under the Companies Act of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange on 13 January 2021 (the “**Listing**” or “**Listing Date**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business 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 financial statements for the nine months ended 30 September 2021 (the "**Condensed Consolidated Financial Statements**") have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in preparing the Condensed Consolidated Financial Statements are consistent with those adopted in preparing the annual report of the Company for the year ended 31 December 2020 except for the new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period of the Group. At the date of authorisation of the Condensed Consolidated Financial Statements, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current period.

### HKFRSs as at 30 September 2021

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 September 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)	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
HKFRS 17	<i>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 Condensed Consolidated Financial Statements required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Condensed Consolidated Financial Statements have not been audited by the Company’s auditors but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

### 3. REVENUE

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>				
Air-freight forwarding services	214,120	133,081	503,616	575,759
Ocean-freight forwarding services	19,220	7,622	34,449	20,658
	<b>233,340</b>	140,703	<b>538,065</b>	596,417

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

	Three months ended		Nine months ended	
	30 September		30 September	
	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	214,120	133,081	503,616	575,759
Ocean-freight forwarding services	19,220	7,622	34,449	20,658
	<b>233,340</b>	140,703	<b>538,065</b>	596,417

#### 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)
<b>Nine months ended</b>			
<b>30 September 2021</b>			
<b>Revenue</b>			
Export	503,480	33,286	536,766
Import	136	1,163	1,299
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Segment revenue	503,616	34,449	538,065
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Segment results	46,059	2,020	48,079
<hr/>			
Unallocated income and expenses:			
Other income			1,660
Administrative and other operating expenses			(29,846)
Provision for impairment loss on trade receivables			(774)
Finance costs			(733)
Listing expenses			—
<hr/>			
Profit before income tax			18,386
Income tax expenses			(3,455)
<hr/>			
Profit for the period			14,931
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	Air-freight forwarding HK\$'000 (Unaudited)	Ocean-freight forwarding HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Nine months ended</b>			
<b>30 September 2020</b>			
<b>Revenue</b>			
Export	573,256	21,491	594,747
Import	178	1,492	1,670
Segment revenue	573,434	22,983	596,417
Segment results	61,277	859	62,136
Unallocated income and expenses:			
Other income			703
Administrative and other operating expenses			(24,552)
Provision for impairment loss on trade receivables			(192)
Finance costs			(1,883)
Listing expenses			(2,997)
Profit before income tax			33,215
Income tax expenses			(6,609)
Profit for the period			26,606

## Geographical information

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

### Location of revenue

#### *Revenue generated from export shipments by destination*

	Nine months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	217,451	328,649
Asia	57,219	52,382
North America	246,641	196,632
Others	15,455	17,084
	<b>536,766</b>	<b>594,747</b>

#### *Revenue generated from import shipments by origin*

	Nine months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	1,212	1,440
Asia	13	17
North America	1	30
Others	73	183
	<b>1,299</b>	<b>1,670</b>

### Information about major customers

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

	Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer B from air freight forwarding segment	174,426	221,741
Customer C from air freight forwarding segment	61,010	67,287
	<b>235,436</b>	<b>289,028</b>

#### 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	3	11	14	37
Recovery of bad debts previously written off	—	—	18	18
Reversal of impairment loss on trade receivables	—	—	1,566	503
Sundry income	15	21	62	145
	<b>18</b>	<b>32</b>	<b>1,660</b>	<b>703</b>

## 5. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Finance costs</b>				
Interest on interest-bearing borrowings	198	600	714	1,843
Interest on lease liabilities	4	12	19	40
	<b>202</b>	<b>612</b>	<b>733</b>	<b>1,883</b>
<b>Staff costs (including directors' emoluments)</b>				
Salaries, discretionary bonus, allowance and other benefits in kind	3,546	1,844	9,664	7,494
Contributions to defined contribution plans	253	138	624	452
	<b>3,799</b>	<b>1,982</b>	<b>10,288</b>	<b>7,946</b>
<b>Other items</b>				
Depreciation	647	770	1,933	2,210
Exchange (gain)/loss, net	(28)	(2)	67	(23)
Recovery of bad debts previously written off	(9)	(10)	(27)	(28)
Reversal of impairment loss on trade receivables, net	—	—	(792)	(311)

## 6. INCOME TAX EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

### Current tax

Hong Kong profits tax

Current year	350	908	3,455	6,609
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Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the nine months ended 30 September 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 nine months ended 30 September 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		Nine months ended	
	30 September		30 September	
	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

	1,130	2,428	14,931	26,606
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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	296,703	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 nine months ended 30 September 2021 and 2020.

## **8. DIVIDEND**

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

# 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 Q32021, the Group recorded an unaudited consolidated revenue of approximately HK\$538.1 million (Q32020: approximately HK\$596.4 million), representing a decrease of approximately 9.8% as compared with that for Q32020. 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 93.6% of the Group's total revenue for Q32021, with reasons 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:

	Q32021 (Unaudited)		Q32020 (Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	503,616	93.6	573,434	96.1
Ocean freight forwarding	34,449	6.4	22,983	3.9
	<b>538,065</b>	<b>100.0</b>	596,417	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\$69.8 million or approximately 12.2% from approximately HK\$573.4 million for Q32020 to approximately HK\$503.6 million for Q32021. Such decrease was primarily because the Group's selling price for export shipments under the air freight forwarding segment decreased as the pandemic eased and flight services resumed during Q32021, air cargo space supply increased which resulted in a decrease in selling price of air cargo space during Q32021.

There was a steep increase in selling price of air cargo space as compared to previous years due to the exceptional shortage of air cargo space supply in 2020 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 in 2021, air cargo space supply increased which resulted in a decrease in selling price of air cargo space during Q32021.

## **Ocean freight forwarding**

The Group's revenue from ocean freight segment increased by approximately HK\$11.4 million or approximately 49.6% from approximately HK\$23.0 million for Q32020 to approximately HK\$34.4 million for Q32021 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\$534.3 million for Q32020 to approximately HK\$490.0 million for Q32021, which was mainly due to the decrease in consumption of transportation and warehouse services in line with the decrease in revenue against the continuous increase in the cost of freight services along the industry chain.

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

The Group's gross profit decreased by approximately HK\$14.0 million or approximately 22.5%, from approximately HK\$62.1 million for Q32020 to approximately HK\$48.1 million for Q32021, which was primarily reflected by the decrease in gross profit from the Group's air export shipments.

In 2021, the aviation industry gradually recovered which resulted in the overall supply and demand of air cargo space regaining some degree of normalcy. 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. Accordingly, both of the Group's gross profit and gross profit margin decreased, and the Group's overall gross profit margin decreased from approximately 10.4% for Q32020 to approximately 8.9% for Q32021.

## **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\$1.0 million or approximately 142.9%, from approximately HK\$0.7 million for Q32020 to approximately HK\$1.7 million for Q32021, 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 Q32020 to approximately HK\$1.6 million for Q32021.

## **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\$5.2 million or approximately 21.1%, from approximately HK\$24.6 million for Q32020 to approximately HK\$29.8 million for Q32021. The increase was mainly attributable to the increase in legal and professional fees and staff costs by approximately HK\$2.7 million and HK\$2.3 million, respectively.

## **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\$1.2 million or approximately 63.2% from approximately HK\$1.9 million for Q32020 to approximately HK\$0.7 million for Q32021. The decrease was mainly due to the decrease in interest expenses on interest-bearing borrowings by approximately HK\$1.1 million as the average balance of interest-bearing borrowings decreased during Q32021 compared with that of Q32020.

## **Taxation**

The Group's income tax expenses decreased by approximately HK\$3.1 million or approximately 47.0% from approximately HK\$6.6 million for Q32020 to approximately HK\$3.5 million for Q32021. The decrease was in line with the decrease in the Group's profit before tax as disclosed below. The Group's effective tax rate for Q32021 and Q32020 were approximately 18.8% and 19.9%, respectively.

## **Profit for the period**

Due to the above factors, the profit before tax of the Group for Q32021 was approximately HK\$18.4 million, representing a decrease of approximately HK\$14.8 million or approximately 44.6% from approximately HK\$33.2 million for Q32020. The profit after tax of the Group for Q32021 was approximately HK\$14.9 million, representing a decrease of approximately HK\$11.7 million or approximately 44.0% from approximately HK\$26.6 million for Q32020.

## **Significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures**

Save for the reorganisation undertaken by the Group for the purpose of the Listing as disclosed in the prospectus of the Company dated 30 December 2020 (the “**Prospectus**”), the Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during Q32021.

## **Future plans for material investments and capital assets**

As at 30 September 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 September 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 of the Company (the “**Shares**”) was 300,000,000 with a par value of HK\$0.01 each (30 September 2020: 10,000 Shares).

## **Pledge of/charge on assets**

As at 30 September 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 September 2021 (30 September 2020: Nil).

## **Capital commitments**

The Group did not have any capital commitment as at 30 September 2021 (30 September 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 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 September 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 September 2021, the Group had 44 (30 September 2020: 40) full-time employees, of which, 27 of them were in Hong Kong and the rest of them were stationed in the PRC. Total staff cost for Q32021 and Q32020 were approximately HK\$10.3 million and HK\$7.9 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 (the "**Listing**") on GEM of the Stock Exchange on 13 January 2021 (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 Q32021, as the COVID-19 pandemic eased and flight services resumed, there was no material 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.

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 continue to 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.

## **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 September 2021 (the "**Relevant Period**").

## **DIVIDEND**

The Directors did not recommend the payment of any dividend for Q32021 (Q32020: 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 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 September 2021 <i>HK\$ million</i> <i>(approximate)</i>	Remaining balance as at 30 September 2021 <i>HK\$ million</i> <i>(approximate)</i>	Expected time frame for the unutilised net proceeds <i>(Note)</i>
<b>Further developing the Group's air freight forwarding business</b>					
— Financing the Group's additional payment obligation to procure new cargo spaces	3.1	59.7	1.4	1.7	By 31 December 2022
— Placing bank guarantee	1.0	19.2	1.0	—	—
<b>Open new regional office in the PRC</b>					
— 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
<b>Undertaking charter flights</b>	0.5	9.6	—	0.5	By 31 December 2021
<b>General working capital</b>	0.1	1.9	0.1	—	—
<b>Total</b>	<b>5.2</b>	<b>100.0</b>	<b>2.5</b>	<b>2.7</b>	

*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 changes 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 September 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 (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

*Notes:*

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

Save as disclosed above, as at 30 September 2021, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 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:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Total Number of Shares held (L) (Note)</b>	<b>Approximate Percentage of Shareholding</b>
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 September 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 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 September 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 officer 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 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 officer 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. 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 close associates (as defined in the GEM Listing Rules), 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 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 10 November 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 Q32021 have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for Q32021 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 November 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.*