

# Asia-express Logistics Holdings Limited 亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8620

## INTERIM REPORT 2021/2022



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

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

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

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

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



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Director

Mr. Choy Wing Hang, William

### Independent Non-executive Directors

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

## COMPANY SECRETARY

Mr. Yip Chun Ming, Alex, *CPA*

## COMPLIANCE OFFICER

Mr. Chan Yu

## AUTHORISED REPRESENTATIVES

Mr. Chan Yu  
Mr. Yip Chun Ming, Alex

## BOARD COMMITTEES

### Audit Committee

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

### Remuneration Committee

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

## Nomination Committee

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

## REGISTERED OFFICE

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

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## HONG KONG LEGAL ADVISER

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



## Corporate Information (Continued)

### COMPLIANCE ADVISER

Giraffe Capital Limited  
3/F, 8 Wyndham Street  
Central  
Hong Kong

### AUDITOR

Moore Stephens CPA Limited  
*Registered Public Interest Entity Auditors*

### COMPANY'S WEBSITE

[www.asia-expresslogs.com](http://www.asia-expresslogs.com)

### PRINCIPAL SHARE REGISTRAR

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

### HONG KONG BRANCH SHARE REGISTRAR

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

### PRINCIPAL BANKERS

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

### STOCK CODE

8620

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021	2020	2021	2020
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>115,461</b>	92,430	<b>217,507</b>	172,435
Other income		413	13	1,030	1,722
Other gains and losses		—	(476)	(36)	(470)
Employee benefits expenses		(13,196)	(11,313)	(26,656)	(21,059)
Dispatch labour costs		(33,258)	(25,029)	(63,699)	(53,187)
Transportation costs		(53,944)	(43,445)	(98,746)	(79,554)
Warehousing operating costs		(7,279)	(6,537)	(13,976)	(10,184)
Reversal/(provision) of impairment loss on trade receivables, net		414	(55)	414	(55)
Depreciation of property, plant and equipment		(1,731)	(1,870)	(3,532)	(3,305)
Depreciation of right-of-use assets		(3,332)	(1,988)	(6,668)	(4,140)
Decrease in fair value of financial assets at fair value through profit and loss		(121)	—	(121)	—
Other expenses		(1,812)	(2,865)	(4,686)	(4,731)
Finance costs		(746)	(529)	(1,285)	(1,079)
Share of results of an associate		(7)	(8)	5	27
<b>Profit/(loss) before tax</b>		<b>862</b>	(1,672)	<b>(449)</b>	(3,580)
Income tax expenses	5	(18)	—	(18)	—
<b>Profit/(loss) for the period</b>	6	<b>844</b>	(1,672)	<b>(467)</b>	(3,580)
<b>Other comprehensive income that may be subsequently reclassified to profit or loss:</b>					
Exchange differences arising on translation of foreign operations		189	2	190	3
<b>Other comprehensive income for the period</b>		<b>189</b>	2	<b>190</b>	3
<b>Total comprehensive income/(expense) for the period</b>		<b>1,033</b>	(1,670)	<b>(277)</b>	(3,577)
<b>Profit/(loss) for the period attributable to owners of the Company</b>		<b>844</b>	(1,672)	<b>(467)</b>	(3,580)
<b>Total comprehensive income/(expense) for the period attributable to owners of the Company</b>		<b>1,033</b>	(1,670)	<b>(277)</b>	(3,577)
<b>Earning/(loss) per Share (HK cents)</b>					
Basic	8	0.18	(0.36)	(0.10)	(0.76)

# Condensed Consolidated Statement of Financial Position

At 30 September 2021

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	30,842	34,120
Interest in an associate		725	708
Right-of-use assets	9	36,194	42,185
Deposits paid for acquisition of property, plant and equipment		—	20
Rental deposits		2,336	2,336
		<b>70,097</b>	79,369
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	79,432	74,207
Financial assets at fair value through profit or loss		3,836	—
Rental deposits		11	11
Tax recoverable		1,054	1,069
Pledged bank deposits		23,000	14,017
Bank balances and cash		29,581	23,684
		<b>136,914</b>	112,988
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	50,312	45,493
Bank borrowings	12	52,500	34,000
Lease liabilities		11,036	16,534
Tax payable		798	785
		<b>114,646</b>	96,812
<b>NET CURRENT ASSETS</b>		<b>22,268</b>	16,176
<b>TOTAL ASSETS LESS CURRENT ASSETS</b>		<b>92,365</b>	95,545

# Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2021

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		16,718	19,621
Deferred tax liabilities		3,300	3,300
		<b>20,018</b>	22,921
<b>NET ASSETS</b>			
		<b>72,347</b>	72,624
<b>CAPITAL AND RESERVES</b>			
Share capital	13	4,800	4,800
Reserves		67,547	67,824
<b>TOTAL EQUITY</b>			
		<b>72,347</b>	72,624

\* Less than HK\$1,000

The condensed consolidated financial statements on page 5 to 22 were approved and authorised for issue by the board of directors on 12 November 2021 and are signed on its behalf by:

**Chan Le Bon**  
Executive Director

**Chan Yu**  
Executive Director



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 <i>(Note a)</i>	Retained profits HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	—*	3,882	1,876	(605)	2,431	33,992	41,576
Loss for the period	—	—	—	—	—	(3,580)	(3,580)
Other comprehensive income	—	—	—	3	—	—	3
Total comprehensive income/ (expense) for the period	—	—	—	3	—	(3,580)	(3,577)
Capitalisation issue	3,600	(3,600)	—	—	—	—	—
Share issued pursuant to the share offer	1,200	58,800	—	—	—	—	60,000
Transaction costs attributable to the share offer	—	(21,392)	—	—	—	—	(21,392)
At 30 September 2020 (unaudited)	4,800	37,690	1,876	(602)	2,431	30,412	76,607
At 1 April 2021 (audited)	<b>4,800</b>	<b>37,304</b>	<b>1,876</b>	<b>(70)</b>	<b>2,431</b>	<b>26,283</b>	<b>72,624</b>
Loss for the period	—	—	—	—	—	(467)	(467)
Other comprehensive income	—	—	—	190	—	—	190
Total comprehensive income/ (expense) for the period	—	—	—	190	—	(467)	(277)
At 30 September 2021 (unaudited)	<b>4,800</b>	<b>37,304</b>	<b>1,876</b>	<b>120</b>	<b>2,431</b>	<b>25,816</b>	<b>72,347</b>

\* Less than HK\$1,000

Note:

- (a) Amount represents statutory reserve of the subsidiaries of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiaries in the PRC are required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>11,121</b>	(16,219)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(15,196)</b>	(5,799)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>9,795</b>	32,575
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,720</b>	10,557
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>23,685</b>	15,410
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	176	2
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>29,581</b>	25,969



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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

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

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

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

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis. The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior periods. The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

## 4. REVENUE AND SEGMENT INFORMATION

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

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

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Air cargo terminal operation services				
— Ground handling	25,953	21,712	50,381	49,088
— Ancillary delivery	17,310	15,480	34,731	31,056
Transportation services	32,542	30,702	60,418	53,606
Warehousing and other value-added services	39,656	24,536	71,977	38,685
	115,461	92,430	217,507	172,435

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

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

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) is nil as at the end of both reporting periods during the six months ended 30 September 2021 and 2020.

#### Geographical information

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

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

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong	113,144	87,540	212,630	161,675
The PRC	2,317	4,890	4,877	10,760
	115,461	92,430	217,507	172,435

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

## 4. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

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

As at 30 September and 31 March 2021

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Hong Kong	64,253	73,112
The PRC	3,508	3,921
	<b>67,761</b>	<b>77,033</b>

### Information about major customers

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

	Three months ended 30 September 2021		Six months ended 30 September 2021	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Customer A	43,025	42,050	84,702	85,303
Customer B	29,767	N/A*	53,689	18,490

\* The corresponding revenue does not contribute over 10% of the Group's revenue.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 5. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The tax charge comprises:				
Hong Kong Profits Tax — current tax	18	—	18	—
PRC enterprise income tax (“EIT”) — current tax	—	—	—	—
	18	—	18	—

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2020 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

## 6. PROFIT/(LOSS) FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):				
Auditor's remuneration	150	125	300	250
Directors' remuneration	398	400	795	1,183
Government grants from Employment Support Scheme	—	(2,540)	—	(3,297)
Other staff costs:				
Salaries, discretionary bonuses and other benefits	11,818	12,805	24,347	22,081
Retirement benefits scheme contributions	1,160	648	1,694	1,092
Total staff cost	13,376	11,313	26,836	21,059
One-off Subsidy (Good Vehicles)	—	(1,370)	—	(1,370)

## 7. DIVIDEND

No dividend for the six months ended 30 September 2021 was paid, declared or proposed by the Board.



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 8. EARNING/(LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Earning/(loss):</b>				
Earning/(loss) for the period attributable to owners of the Company for the purpose of calculating basic earning/(loss) per Share	843	(1,672)	(468)	(3,580)
<b>Number of shares:</b>				
Weighted average number of ordinary Shares for the purpose of basic (loss)/earning per Share	480,000,000	470,163,934	480,000,000	470,163,934

The number of ordinary Shares for the purpose of calculating basic earning/(loss) per Share for the relevant periods are based on the assumption that the Shares issued pursuant to the capitalisation issue that took place on 17 April 2020, which is the issue of 359,999,782 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company, had been effective on 1 April 2019.

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

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

During the six months ended 30 September 2021, the Group acquired HK\$60,000 of leasehold improvements, HK\$87,000 of motor vehicles, HK\$49,000 of machinery, HK\$14,000 of office equipment and HK\$6,000 of furniture and fixtures (for the six months ended 30 September 2020: HK\$1,311,000 of leasehold improvements, HK\$1,133,000 of motor vehicles, HK\$242,000 of office equipment and HK\$126,000 of furniture and fixtures). During the six months ended 30 September 2021, the Group did not dispose any property, plant and equipment (for the six months ended 30 September 2020: HK\$1,413,000 of motor vehicles and HK\$82,000 of machinery).

During the six months ended 30 September 2021, the Group entered into new lease contracts for the motor vehicles and recognized HK\$662,000 of right-of-use assets (for the six months ended 30 September 2020: HK\$4,738,000). During the six months ended 30 September 2021, the Group did not recognize any right-of-use assets for the office premises (for the six months ended 30 September 2020: HK\$17,000).

### 10. TRADE AND OTHER RECEIVABLES

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade receivables	71,758	68,352
Allowance for expected credit losses ("ECL")	(1,400)	(1,814)
	<b>70,358</b>	66,538
Rental and other deposits	4,233	4,218
Other receivables and prepayments	7,188	5,818
	<b>81,779</b>	76,574
Less: non-current rental deposits	(2,336)	(2,336)
Less: current rental deposits	(11)	(11)
Less: non-current deposits paid for acquisition of property, plant and equipment	—	(20)
	<b>79,432</b>	74,207

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 10. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Within 30 days	38,527	34,188
31 to 60 days	24,663	22,766
61 to 90 days	5,637	5,399
More than 90 days	1,531	4,185
	<b>70,358</b>	66,538

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

The Group determines the ECL for individually significant trade debtors and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers as at 30 September and 31 March 2021 and taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past, and the forward-looking information.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

## 11. TRADE AND OTHER PAYABLES

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade payables	42,194	36,655
Accruals	7,104	8,011
Refundable deposits received from customers	185	189
Other payables	775	629
Other taxes payables	54	9
<b>Total trade and other payables</b>	<b>50,312</b>	<b>45,493</b>

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

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

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
0–30 days	21,688	16,905
31–60 days	10,314	10,432
61–90 days	4,598	6,093
Over 90 days	5,594	3,225
	<b>42,194</b>	<b>36,655</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 12. BANK BORROWINGS

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Secured bank loans	52,500	34,000
Carrying amounts that contain a repayable on demand clause and shown under current liabilities and total bank borrowings	52,500	34,000

The bank loans as at 30 September 2021 carry variable interest rate ranged from 2.26% to 3.05% (31 March 2021: ranged from 2.00% to 2.75%) above Hong Kong Interbank Offered Rate (“HIBOR”). The average effective interest rate of the Group was 2.74% per annum as at 30 September 2021 (31 March 2021: 2.75% per annum). The bank loans as at 31 March 2021 and 30 September 2021 were secured by the pledged bank deposits and corporate guarantee provided by the Company.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

## 13. SHARE CAPITAL

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

	Number of shares	Share capital HK\$
Ordinary Shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 April 2020, 31 March 2021 and 30 September 2021	10,000,000,000	100,000,000
<b>Issued and fully paid:</b>		
At 1 April 2020 (audited)	218	2
Capitalisation issue ( <i>Note a</i> )	359,999,782	3,599,998
Issue of shares pursuant to the Share Offer ( <i>Note b</i> )	120,000,000	1,200,000
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	480,000,000	4,800,000
		HK\$'000
Presented in the consolidated financial statements at 31 March 2021 (audited) and 30 September 2021 (unaudited)		4,800

*Notes:*

- (a) Pursuant to the shareholders' written resolution dated 27 March 2020, the Company issued 359,999,782 additional Shares, credited as fully paid, to the then shareholders of the Company on the register of members at the close of business on 17 April 2020, by way of capitalisation of HK\$3,599,997.82 crediting to the Company's share premium account.
- (b) On 17 April 2020, in connection with the Listing, the Company issued 120,000,000 ordinary Shares with par value of HK\$0.01 each at a price of HK\$0.5 per share by way of public offer with gross proceeds of HK\$60,000,000. On 20 April 2020, the Shares of the Company were listed on GEM of the Stock Exchange.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

### 14. RELATED PARTY DISCLOSURES

#### (a) Compensation of key management personnel of the Company

During the six months ended 30 September 2021 and 2020, the Group entered into the following transactions with related parties:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Fees	—	—
Salaries, discretionary bonuses and other benefits	597	985
Share-based payment	—	—
Retirement benefits scheme contributions	18	18
Total	615	1,003

#### (b) Guarantees provided by a related party

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



# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

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

During the six months ended 30 September 2021, the Group continued to implement its growing strategies and was actively seeking for new business opportunities. Our air freight container freight station warehouse (the “**Air Freight CFS Warehouse**”) in Hutchison Logistics Centre and the new warehouse located in ATL Logistics Centre, both situated in the center hub of Hong Kong logistics business, Kwai Chung, improved our logistics capability in providing an one stop logistics service including local transportation, warehousing and cargos-screening services to handle the strong demand for cargos-screening services from our existing customers and potential customers. Besides, we have successfully secured a new contract with one of our major customers for the coming three years, which allows us to continue to play an important role in the logistics industry.

Looking forward, we will continue to utilise our existing industry knowledge to expand our core strengths and target to explore more business opportunities, with higher profit margin, and also continue to exercise careful cost control measures to strengthen our competitiveness in the logistics industry.

## FINANCIAL REVIEW

Our Group’s revenue was principally generated from (i) air cargo terminal operation services; (ii) transportation services; and (iii) warehousing and other value-added services. We provide our services to (i) express carriers; (ii) air cargo terminal operators; (iii) freight forwarders; and (iv) direct customers comprising corporates and individual customers. Our revenue is measured at the fair value of the consideration or receivable and represents amounts receivable for services provided in the normal course of business. Please refer to note 4 of the condensed consolidated financial statements for the breakdown of our revenue by services segments during the six months ended 30 September 2021.

Our overall revenue increased by approximately HK\$45.1 million or 26.1% from approximately HK\$172.4 million for the six months ended 30 September 2020 to approximately HK\$217.5 million for the six months ended 30 September 2021 mainly due to the increase in revenue generated from the provision of warehousing and other value-added services by approximately HK\$33.3 million or 86.1% to approximately HK\$72.0 million for the six months ended 30 September 2021 as compared to that of approximately HK\$38.7 million for the six months ended 30 September 2020. Such increase was primarily benefited from the business generated from the expanded operations of our Air Freight CFS Warehouse and our new warehouse located in ALT Logistics Centre during the six months ended 30 September 2021.





## Management Discussion and Analysis (Continued)

### Other income

Other income decreased by approximately HK\$0.7 million or 40.2% to approximately HK\$1.0 million for the six months ended 30 September 2021 as compared to that of approximately HK\$1.7 million for the six months ended 30 September 2020. Other income for the six months ended 30 September 2021 mainly represented the subsidies from the “Pilot Subsidy Scheme for Third-party Logistics Service Providers”, launched by the Hong Kong Government on encouraging the adoption of technology by the logistics sector for enhancing efficiency and productivity of approximately HK\$0.5 million. Whereas, other income for the six months ended 30 September 2020 mainly represented the “One-off Subsidy” received from the Anti-epidemic Fund established by the Hong Kong Government, which provided financial support to the transport trades in view of the severe impact of the COVID-19, which amounted to approximately HK\$1.4 million.

### Other gains and losses

Other gains and losses mainly represented the exchange gain and loss. Our Group recorded a net loss in other gains and losses of approximately HK\$36,000 and HK\$0.5 million for the six months ended 30 September 2021 and 2020, respectively.

### Employee benefits expenses

Employee benefits expenses consisted primarily of wages and salaries, retirement benefits scheme contributions and other allowances and benefits. The employee benefits expenses increased by approximately HK\$5.6 million or 26.6% from approximately HK\$21.1 million for the six months ended 30 September 2020 to approximately HK\$26.7 million for the six months ended 30 September 2021. Such increase was mainly due to (i) the general increase in average wages; (ii) the increase in headcount for providing warehousing and other value-added services; and (iii) there was government grants from the Employment Support Scheme of approximately HK\$3.3 million for the six months ended 30 September 2020 to offset the employee benefits expenses, which was absent for the six months ended 30 September 2021.

### Dispatch labour costs

The dispatch labour costs represented the amount paid to our dispatched work agencies for the provision of our air cargo ground handling and warehousing services. It increased by approximately HK\$10.5 million or 19.8% to approximately HK\$63.7 million for the six months ended 30 September 2021 as compared to that of approximately HK\$53.2 million for the six months ended 30 September 2020, which was mainly driven by the increase in need of manpower for the expanded operations of our Air Freight CFS Warehouse and our new warehouse located in ALT Logistics Centre to maintain the daily operation of our warehousing and X-ray screening services to serve our new customers.

### Depreciation of property, plant and equipment and right-of-use assets

For the six months ended 30 September 2021, the depreciation of property, plant and equipment and right-of-use assets amounted to approximately HK\$10.2 million, representing an increase of approximately HK\$2.8 million or 37.0% as compared to that of approximately HK\$7.4 million for the six months ended 30 September 2020. Such increase was mainly due to the increase in depreciation of right-of-use of our new warehouse located in ATL Logistics Centre and the X-ray screening machine.

## Management Discussion and Analysis (Continued)



### Transportation costs

Transportation costs increased by approximately HK\$19.2 million or 24.1% to approximately HK\$98.7 million for the six months ended 30 September 2021 as compared to that of approximately HK\$79.6 million for the six months ended 30 September 2020. Such increase was mainly due to the increase in service fees paid to external transportation service providers for the warehousing and other value-added services business.

### Other expenses

Our other expenses mainly included utilities expenses, insurance, professional fees and other miscellaneous operating expenses. It remained stable at approximately HK\$4.7 million for the six months ended 30 September 2021 and 2020, which was benefited from the strict expenses control implemented during the period. For the six months ended 30 September 2021, the Group has also donated HK\$230,000 to certain charitable organisations (for the six months ended 30 September 2020: nil).

### Finance costs

Our finance costs increased by approximately HK\$0.2 million or 19.1% to approximately HK\$1.3 million for the six months ended 30 September 2021 as compared to that of approximately HK\$1.1 million for the six months ended 30 September 2020, which was primarily due to the increased level of bank borrowings during the six months ended 30 September 2021.

### Income tax expenses

The income tax expenses increased by approximately HK\$18,000 for the six months ended 30 September 2021, as there was no assessable profit for the six months ended 30 September 2020.

### Profit/(loss) for the period

For the six months ended 30 September 2021, our Group recorded a net loss of approximately HK\$0.5 million (for the six months ended 30 September 2020: net loss of approximately HK\$3.6 million). The decrease in net loss for the six months ended 30 September 2021 was mainly due to the expanded operations of our Air Freight CFS Warehouse and the new warehouse located in ATL Logistics Centre which led to an increase in revenue generated from the warehousing and other value-added services as compared to that for the six months ended 30 September 2020.

### Trade receivables and trade payables turnover cycle

The turnover days for trade receivables for the six months ended 30 September 2021 were approximately 57 days (for the year ended 31 March 2021: approximately 56 days), which remained relatively stable for both periods.

The turnover days for trade payables for the six months ended 30 September 2021 were approximately 45 days (for the year ended 31 March 2021: approximately 42 days), which remained relatively stable for both periods.



## Management Discussion and Analysis (Continued)

### Borrowings

As at 30 September 2021, the Group's bank borrowings balance amounted to approximately HK\$52.5 million (as at 31 March 2021: approximately HK\$34.0 million) with variable interest rate. The average effective interest rate of the Group was approximately 2.7% per annum as at 30 September 2021 (as at 31 March 2021: approximately 2.8%). The Group's bank borrowings were denominated in HK\$.

The Group's net gearing ratio is calculated by dividing total bank borrowings and lease liabilities by total equity. As at 30 September 2021, the Group's gearing ratio was approximately 110.9% (as at 31 March 2021: approximately 96.9%). Such increase was primarily due to the increase in bank borrowings.

### Pledge of assets

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings. Bank deposits of approximately HK\$23.0 million and HK\$14.0 million as at 30 September 2021 and 31 March 2021, respectively, have been pledged to secure short-term bank loans and undrawn facilities.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed 229 (as at 31 March 2021: 222) full time employees. Staff cost (excluding directors emoluments) amounted to approximately HK\$26.0 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$19.9 million) and the directors' emoluments was approximately HK\$0.8 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: approximately HK\$1.2 million) included in the employee benefit expenses. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions. The Company has adopted a share option scheme to recognize and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group.

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

## LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 September 2021 and 31 March 2021 was approximately 1.2 times. As at 30 September 2021, the Group had total bank balances and cash, which was denominated in HK\$ and RMB of approximately HK\$29.6 million (as at 31 March 2021: approximately HK\$23.7 million). With available bank balances, cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.



## Management Discussion and Analysis (Continued)

### EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

### COMMITMENT

As at 30 September 2021, the Group did not incur any significant capital commitments (as at 31 March 2021: approximately HK\$0.6 million for acquiring transportation fleet).

### CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 20 April 2020 (the "Listing Date"). There has been no change in the Company's capital structure since the Listing. The capital structure of the Company consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. From the Listing Date to the date of this report, the Company had 480,000,000 Shares in issue. The Directors will review the Group's capital structure regularly. As part of such review, the Directors will consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

### SEGMENTAL INFORMATION

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

### CONTINGENT LIABILITIES

As at 30 September 2021, there was no significant contingent liabilities for the Group.

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

The Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2021. Save as disclosed in this report, the Group has no plan for other material investments or acquisitions of capital assets as at 30 September 2021.

## Management Discussion and Analysis (Continued)

### COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2021 is set out below:

Business Strategies as stated in the Prospectus	Business objectives up to 30 September 2021 as stated in the Prospectus	Actual business progress up to 30 September 2021
Expanding and upgrading of existing transportation fleet	Purchase eighteen 16-tonnes light heavy goods trucks and four 5.5-tonnes medium goods trucks	The Group has purchased eleven 24-tonnes heavy good trucks to fulfill the actual business needs.
Facilitate the replacement of our transportation fleet which are Euro III diesel commercial vehicle (" <b>Euro III DCVs</b> ")	Comply with the diesel commercial vehicle emission standards of the APE Regulation and to avoid material disruption to our usual and ordinary business operation	All Euro III DCVs have been disposed or replaced with vehicle that comply with the applicable emission standards.
Acquisition of x-ray screening systems	Purchase two X-ray screening systems	The Group has acquired two x-ray screening systems and one portable detector for air cargo screening.
Expansion of our labour force	Recruitment of and payment of remuneration for not more than twelve operators and one operation manager	The Group has recruited 32 operators for the expanded warehousing operation as more manpower was required for the new warehouse.
Investment in and upgrading of our information technology systems	Third phase installation of the new transportation fleet management system	To ensure the system upgrade is compatible with the Group's current operating practices and enhance workflow efficiency, apart from the transportation fleet management system, the Group has also invested in several information technology systems, such as logistic order management system, warehouse management system and transportation management system. All these systems have been implemented or started the trial run.

## Management Discussion and Analysis (Continued)

### USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM of the Stock Exchange on the Listing Date. Based on the offer price of HK\$0.5 per Offer Share, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and commissions and estimated expenses in relation to the Share Offer borne by the Company, was approximately HK\$17.8 million. Such net proceeds are intended to be applied in accordance with the proposed applications as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. During the six months ended 30 September 2021, the Group has applied the net proceeds as follow:

	Net proceeds received	Unutilised amount as at 31 March 2021	Actual use of proceeds for the six months ended 30 September 2021	Utilised amount as at 30 September 2021	Unutilised amount as at 30 September 2021	Expected utilised amount for the six months ending 31 March 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Expansion and upgrading of our transportation fleet	6,150	3,325	1,897	4,722	1,428	1,428
Expansion of our labour force	4,400	105	105	4,400	—	—
Acquisition of x-ray screening systems	3,750	2,508	1,124	2,366	1,384	1,384
Investment in and upgrading of our information technology systems	3,500	2,993	883	1,390	2,110	2,110
<b>Total</b>	<b>17,800</b>	<b>8,931</b>	<b>4,009</b>	<b>12,878</b>	<b>4,922</b>	<b>4,922</b>

As at 30 September 2021, the unutilised net proceeds had been placed at interest-bearing deposits with licensed bank in Hong Kong. There are no material changes in the implementation plans for the use of proceeds as set out in the Prospectus and the unutilised amount is expected to be fully utilised as at 31 March 2022.

### DIVIDEND

No dividend for the six months ended 30 September 2021 was paid, declared or proposed by the Board (for the six months ended 30 September 2020: nil).

## Disclosure of Additional Information

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2021. Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he would be prohibited from dealing by the Model Code as if he was a Director.

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

As at 30 September 2021, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “**SFO**”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Interests in the Company

##### Long positions in the ordinary Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held <i>(Note i)</i>	Approximate percentage of the Company’s issued share capital
Mr. Chan Le Bon	Interest in a controlled corporation <i>(Note ii)</i>	330,120,000	68.8%
Mr. Choy Wing Hang, William (“ <b>Mr. William Choy</b> ”)	Interest in a controlled corporation <i>(Note iii)</i>	29,880,000	6.2%

## Disclosure of Additional Information (Continued)

*Notes:*

- (i) All interests in the Shares are in long position.
- (ii) The Shares are owned by 3C Holding Limited. The entire issued share capital of 3C Holding Limited is owned as to 95% by Mr. Chan Le Bon and as to 5% by Mr. Chan Yu, respectively. Mr. Chan Le Bon is deemed to be interested in such number of Shares held by 3C Holding Limited.
- (iii) Diligent City Limited owns approximately 6.2% of the entire issued share capital of the Company. Mr. William Choy is deemed to be interested in such number of Shares held by Diligent City as Mr. William Choy owns 100% of Diligent City Limited.

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

As at 30 September 2021, so far as the Directors are aware, the following persons (other than the Director and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

#### **Long positions in the ordinary Shares**

Name of shareholder	Capacity/Nature of interest	Number of Shares held <i>(Note i)</i>	Approximate percentage of the Company's issued share capital
3C Holding Limited	Beneficial owner	330,120,000	68.8%
Diligent City Limited	Beneficial owner	29,880,000	6.2%
Ms. Leung Song	Interest of spouse <i>(Note ii)</i>	29,880,000	6.2%

*Notes:*

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

Save as disclosed above, as at 30 September 2021, the Company has not been notified of any other persons (other than the Director or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.





## Disclosure of Additional Information (Continued)

### SHARE OPTION SCHEME

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

No share option has been granted under the Scheme since the adoption of the Scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director of the Company or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the six months ended 30 September 2021.

### CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

For the six months ended 30 September 2021, there had been no contract of significance between the Company or any of its subsidiaries and a controlling Shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

## Disclosure of Additional Information (Continued)

### COMPETING INTERESTS

For the six months ended 30 September 2021, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders, and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

### COMPLIANCE ADVISER’S INTEREST

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited (“**Giraffe**”) as its new compliance adviser with effect from 1 September 2020.

As notified by Giraffe, save for the compliance adviser agreement entered into between the Company and Giraffe, neither Giraffe nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Company or any member of the Group (including interest in the securities of the Company or any member of the Group, and options or rights to subscribe for such securities) during the six months ended 30 September 2021, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee (the “**Audit Committee**”), a nomination committee and a remuneration committee with specific written terms of reference. During the six months ended 30 September 2021, the Company has complied with all the code provisions of the CG Code.

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



## Disclosure of Additional Information (Continued)

### AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2020, with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Fu Lui (chairman), Mr. Chan Chi Ho and Ms. Chui Sin Heng, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim report of the Group for the six months ended 30 September 2021. The Audit Committee is of the view that the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

### EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place after 30 September 2021 and up to the date of this report.

### PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The 2021/2022 interim report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company pursuant to Rule 18.03 of the GEM Listing Rules.

On behalf of the Board

**Mr. Chan Le Bon**

*Chairman*

Hong Kong, 12 November 2021