



**裕程物流集團有限公司**

**Grand Power Logistics Group Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8489

**FIRST QUARTERLY REPORT**

**2022**

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

*This report will be available on the Company’s website at [www.grandpowerexpress.com](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  
Certified Public Accountants  
Registered Public Interest Entity Auditor

#### **LEGAL ADVISER**

CFN Lawyers

#### **REGISTERED OFFICE**

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

#### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

#### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

#### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### **PRINCIPAL BANKERS**

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

#### **WEBSITE ADDRESS**

[www.grandpowerexpress.com](http://www.grandpowerexpress.com)

#### **STOCK CODE**

8489

## FIRST QUARTERLY UNAUDITED RESULTS

### HIGHLIGHTS (UNAUDITED)

- The revenue of the Group for the three months ended 31 March 2022 (“**Q12022**”) was approximately HK\$180.6 million (three months ended 31 March 2021 (“**Q12021**”): approximately HK\$137.1 million), representing an increase of approximately 31.7% as compared with Q12021.
- The Group recorded a profit attributable to ordinary equity holders of the Company of approximately HK\$1.6 million for Q12022 (Q12021: approximately HK\$8.3 million), representing a decrease of approximately 80.7% as compared with Q12021.
- The basic and diluted earnings per share of the Company was approximately HK0.53 cents for Q12022 (Q12021: approximately HK2.85 cents), representing a decrease of approximately 81.4% as compared with Q12021.

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Group for Q12022, together with the comparative unaudited figures for Q12021 as follows:

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

	Notes	Three months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>180,643</b>	137,080
Cost of services		<b>(167,730)</b>	(120,138)
<b>Gross profit</b>		<b>12,913</b>	16,942
Other income	4	<b>54</b>	1,550
Administrative and other operating expenses		<b>(10,557)</b>	(7,290)
Reversal of provision/(provision) for impairment loss on trade receivables		<b>278</b>	(772)
Finance costs	5	<b>(585)</b>	(468)
<b>Profit before income tax</b>	5	<b>2,103</b>	9,962
Income tax expenses	6	<b>(507)</b>	(1,709)
<b>Profit for the period</b>		<b>1,596</b>	8,253
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<b>(147)</b>	(99)
<b>Total comprehensive income for the period</b>		<b>1,449</b>	8,154
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted	7	<b>0.53</b>	2.85

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Share Capital	Share premium (Note a) HK\$'000	Capital reserve (Note b) HK\$'000	Reserves			Total HK\$'000
				Translation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated profits HK\$'000	
At 1 January 2021 (audited)	—*	—*	97,438	(1,228)	110	6,176	102,496
Profit for the period	—	—	—	—	—	8,253	8,253
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(99)	—	—	(99)
<b>Total comprehensive (loss) income for the period</b>	—	—	—	(99)	—	8,253	8,154
Issue of shares by way of share offer (Note c)	750	54,750	—	—	—	—	55,500
Capitalisation issue (Note d)	2,250	(2,250)	—	—	—	—	—
Transaction costs attributable to issue of new shares	—	(16,514)	—	—	—	—	(16,514)
<b>At 31 March 2021 (unaudited)</b>	3,000	35,986	97,438	(1,327)	110	14,429	149,636
<b>At 1 January 2022 (audited)</b>	3,000	35,986	97,438	246	110	29,156	165,936
Profit for the period	—	—	—	—	—	1,596	1,596
<b>Other comprehensive loss:</b> <i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	—	—	—	(147)	—	—	(147)
<b>Total comprehensive (loss) income for the period</b>	—	—	—	(147)	—	1,596	1,449
<b>At 31 March 2022 (unaudited)</b>	3,000	35,986	97,438	99	110	30,752	167,385

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



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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 March 2018 under the Companies Act of the Cayman Islands. The shares of the Company were listed on GEM on 13 January 2021 (the “**Listing**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business and the Group’s headquarter is situated at Unit 611, 6/F, Tower 1 Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

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.

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

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months ended 31 March 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

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

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 31 March 2022 are consistent with those adopted in preparing the annual report of the Company for the year ended 31 December 2021.

The preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 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. Certain figures have been re-classified to conform with presentation of the annual report of the Company for the year ended 31 December 2021.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2022 have not been audited by the Company's auditor but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

### 3. REVENUE

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue from contracts with customers within HKFRS 15</b>		
Air-freight forwarding services	153,154	131,703
Ocean-freight forwarding services	27,489	5,377
	<b>180,643</b>	137,080

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

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition:		
— Over time		
Air-freight forwarding services	153,154	131,703
Ocean-freight forwarding services	27,489	5,377
	<b>180,643</b>	137,080

#### Segment information

Information reported to the executive Directors, being identified as the chief operating decision makers of the Group (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 and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM 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>Three months ended 31 March 2022</b>			
<b>Revenue</b>			
Export	153,138	27,477	180,615
Import	16	12	28
<hr/>			
Segment revenue	153,154	27,489	180,643
<hr/>			
Segment results	11,432	1,481	12,913
<hr/>			
Unallocated income and expenses:			
Other income			54
Administrative and other operating expenses			(10,557)
Reversal of provision for impairment loss on trade receivables			278
Finance costs			(585)
<hr/>			
Profit before income tax			2,103
Income tax expenses			(507)
<hr/>			
Profit for the period			1,596
<hr/>			

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

### **Geographical information**

The following tables set 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*

	<b>Three months ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Europe	<b>53,560</b>	65,165
Asia	<b>23,512</b>	15,625
North America	<b>99,510</b>	53,610
Others	<b>4,033</b>	2,350
	<b>180,615</b>	136,750

*Revenue generated from import shipments by origin*

	<b>Three months ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Europe	—	78
Asia	<b>28</b>	224
North America	—	—
Others	—	28
	<b>28</b>	330

### Information about major customers

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

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A from air freight forwarding segment	42,785	40,648
Customer B from air freight forwarding segment	22,347	18,342
Customer C from air freight forwarding segment	—*	13,991
	<b>65,132</b>	<b>72,981</b>

\* This customer contributed less than 10% of the total revenue of the Group for the period.

#### 4. OTHER INCOME

	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	50	6
Recovery of bad debts previously written off	4	9
Reversal of impairment loss on trade receivables	—	1,523
Sundry income	—	12
	<b>54</b>	<b>1,550</b>



## 5. PROFIT BEFORE INCOME TAX

This is stated after charging (crediting):

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Finance costs</b>		
Interest on interest-bearing borrowings	571	441
Interest on lease liabilities	14	27
	<hr/>	<hr/>
	585	468

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Staff costs (including Directors' emoluments)</b>		
Salaries, discretionary bonus, allowance and other benefits in kind	4,968	2,603
Contributions to defined contribution plans	225	116
	<hr/>	<hr/>
Total staff costs	5,193	2,719
	<hr/>	<hr/>
<b>Other items</b>		
Depreciation	412	262
Exchange loss, net	23	56
Recovery of bad debts previously written off	(4)	(9)
Reversal of impairment loss on trade receivables, net	(278)	(751)
	<hr/>	<hr/>

## 6. INCOME TAX EXPENSES

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Current tax</b>		
Hong Kong profits tax		
Current year	<b>507</b>	1,709

Hong Kong profits tax was calculated at a flat rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2022 and 2021.

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 People's Republic of China (the "PRC") are subject to enterprise income tax of the PRC at a statutory rate of 25% during the three months ended 31 March 2022 and 2021.

## 7. EARNINGS PER SHARE

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	<b>1,596</b>	8,253
	<b>'000</b>	'000
	<b>(unaudited)</b>	(unaudited)
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<b>300,000</b>	290,000

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the three months ended 31 March 2021 was on the basis as if the Capitalisation Issue had been effective on 1 January 2021. The Capitalisation Issue was fully completed on 13 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 three months ended 31 March 2022 and 2021.

## **8. DIVIDEND**

No dividend was paid or declared by the Company during the three months ended 31 March 2022 and 2021.

## **9. EVENT AFTER THE REPORTING PERIOD**

As from 31 March 2022 to the date of this report, the Board is not aware of any significant events that have occurred which require disclosure.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

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

The Group is principally engaged in providing air and ocean export and import freight forwarding services, which involve arranging 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 Q12022, the Group recorded a revenue of approximately HK\$180.6 million (Q12021: approximately HK\$137.1 million), representing an increase of approximately 31.7% as compared with that of Q12021. Such increase was attributable to the increase in revenue of both of the air freight forwarding segment and the ocean freight forwarding segment, with reasons as set forth in the paragraphs below.

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

	Q12022 (Unaudited)		Q12021 (Unaudited)	
	HK\$'000	%	HK\$'000	%
Air freight forwarding	<b>153,154</b>	<b>84.8</b>	131,703	96.1
Ocean freight forwarding	<b>27,489</b>	<b>15.2</b>	5,377	3.9
	<b>180,643</b>	<b>100.0</b>	137,080	100.0

### Air freight forwarding

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

The Group's revenue from air freight forwarding segment increased by approximately 16.3%, from approximately HK\$131.7 million for Q12021 to approximately HK\$153.2 million for Q12022. Such increase was primarily because of the Group's selling price for export services of air freight forwarding segment increased due to the increase in freight charges in Q12022.

### Ocean freight forwarding

The Group's revenue from ocean freight forwarding segment increased by approximately 409.3%, from approximately HK\$5.4 million for Q12021 to approximately HK\$27.5 million for Q12022. Such increase was primarily because of the substantial increase in demand for the Group's ocean freight forwarding services as well as the increase in cost of services which led to an increase in selling prices.

## **Cost of services**

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

The Group's cost of services increased by approximately 39.6%, from approximately HK\$120.1 million for Q12021 to approximately HK\$167.7 million for Q12022. Such increase was due to the steep increase in the cost of freight services along the industry chain in Q12022 as compared to Q12021 caused by the worsening of the outbreak of the highly transmissible Omicron variant in Hong Kong and the Mainland China, the tight lockdown and custom blockade in the Mainland China imposed by the government, the surging logistics costs and the escalating geopolitical situation in Europe happened in Q12022.

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

The Group's gross profit decreased by approximately 23.7%, from approximately HK\$16.9 million for Q12021 to approximately HK\$12.9 million for Q12022, which was primarily reflected by the decrease in gross profit from the Group's air export shipments, the increase in revenue for ocean freight forwarding services which has a lower profit margin and the substantial increase in cost of services. Accordingly, the Group's gross profit margin decreased from approximately 12.4% for Q12021 to approximately 7.1% for Q12022.

## **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 45.2%, from approximately HK\$7.3 million for Q12021 to approximately HK\$10.6 million for Q12022. The increase was mainly attributable to the increase in staff costs.

## Profit for the period

Due to the above factors, the profit before tax of the Group for Q12022 was approximately HK\$2.1 million, representing a decrease of approximately 79.0% from approximately HK\$10.0 million for Q12021. The profit after tax of the Group for Q12022 was approximately HK\$1.6 million, representing a decrease of approximately 80.7% from approximately HK\$8.3 million for Q12021.

## Capital structure

As at 31 March 2022, the capital structure of the Group was mainly based on the equity attributable to the shareholders of the Company (the “**Shareholders**”) (including share capital and reserves). The total number of issued ordinary shares was 300,000,000 with a par value of HK\$0.01 each (31 March 2021: 300,000,000 shares).

## Reserves

Details of the movements in the reserves of the Group during Q12022 are set out in the Condensed Consolidated Statement of Changes in Equity on page 7 of this report.

## OUTLOOK AND PROSPECTS

The continuous outbreak of the highly transmissible Omicron variant in the PRC, the surging logistics costs and escalating geopolitical situation in Europe all added to the uncertainty to the economy domestically and globally. The freight forwarding and logistics industries are continuously affected to various extent, such as shortage of flights and cargo spaces, custom blockade and worsened worker shortages.

Subject to any further development of the pandemic and geopolitical situation in Europe 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 and react actively to its impact on the financial position and operating results 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 of the Company dated 30 December 2020 (the “**Prospectus**”):

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



## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the shares during Q12022.

## **DIVIDEND**

The Directors did not recommend the payment of any dividend for Q12022 (Q12021: Nil).

## **USE OF PROCEEDS**

The net proceeds (after deducting related underwriting fees and commissions and expenses payable in connection with the share offering) raised by the Company from its Listing on GEM on 13 January 2021 were approximately HK\$5.2 million (based on the final offer price of HK\$0.74 per share).

No material changes have occurred in respect of the business objectives as set out in the Prospectus for Q12022.

	Amount of net proceeds allocated	Percentage of total amount	Amount utilized as at 31 March 2022	Remaining balance as at 31 March 2022	Expected time frame for remaining unused net proceeds
	HK\$ million (approximate)	(%) (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	(Note)
<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	1.9	1.2	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	—	—
— Recurring costs	0.1	1.9	0.1	—	—
<b>Undertaking charter flights</b>	0.5	9.6	0.5	—	—
<b>General working capital</b>	0.1	1.9	0.1	—	—
<b>Total</b>	<b>5.2</b>	<b>100.0</b>	<b>4.0</b>	<b>1.2</b>	

*Note:* The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

## OTHER INFORMATION

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

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

Notes:

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

Save as disclosed above, as at 31 March 2022, none of the Director nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2022, 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 1)</b>	<b>Approximate Percentage of Shareholding</b>
Profit Virtue (Note 2)	Beneficial owner	112,500,000	37.5%
Peak Connect (Note 2)	Beneficial owner	112,500,000	37.5%

Notes:

1. The letter "L" denotes the entity/person's long position in the shares.
2. For details, please refer to Note 2 in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporations" above.

Save as disclosed above, as at 31 March 2022, 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.

## 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 Q12022.

## CORPORATE GOVERNANCE CODE

During Q12022, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, save and except the deviation below:

## Chairman and Chief Executive Officer

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

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

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he was a Director.

The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors confirmed that they had complied with the required standards of dealings set out in the Model Code during Q12022. In addition, the Company was not aware of any non-compliance of the Model Code by the senior management of the Group during Q12022.

## 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 on 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 Q12022 and up to the date of this report.



## AUDIT COMMITTEE

This report including the Group's unaudited consolidated financial statements for Q12022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for Q12022 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, 12 May 2022

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