

GOAL FORWARD HOLDINGS LIMITED

展程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8240)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

GEM has been positioned as a market designed to accommodate companies to which a high 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This announcement, for which the directors (the “Directors”) of Goal Forward Holdings Limited (the “Company”) 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”) of the Stock Exchange 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 announcement 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 in this announcement misleading.

This announcement will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.cyfood.com.hk.

FINAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

		Year ended 31 March	
	Note	2017	2016
		HK\$'000	HK\$'000
Revenue	5	166,300	166,230
Cost of sales	6	(131,226)	(140,465)
		<hr/>	
Gross profit		35,074	25,765
Other income		113	123
Selling and administrative expenses	6	(27,513)	(11,593)
		<hr/>	
Operating profit		7,674	14,295
		<hr/>	
Finance income	7	2	1
Finance costs	7	(833)	(587)
		<hr/>	
Finance costs - net	7	(831)	(586)
Share of loss of a joint venture		(147)	–
		<hr/>	
Profit before income tax		6,696	13,709
Income tax expense	8	(3,286)	(2,636)
		<hr/>	
Profit and total comprehensive income for the year attributable to owners of the Company		3,410	11,073
		<hr/>	
Basic and diluted earnings per share attributable to owners of the Company (expressed in HK cents per share)	10	0.31	1.15
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		As at 31 March	
	Note	2017	2016
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		17,019	17,583
Deposits and prepayments		2,648	200
Deferred tax assets		90	117
Interest in a joint venture		853	–
		<hr/>	<hr/>
Total non-current assets		20,610	17,900
		<hr/>	<hr/>
Current assets			
Inventories		607	863
Trade receivables	11	22,142	26,955
Deposits and prepayments		628	1,478
Amount due from a director	14(b)	–	16,012
Cash and cash equivalents		68,924	9,479
		<hr/>	<hr/>
Total current assets		92,301	54,787
		<hr/>	<hr/>
Total assets		112,911	72,687
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital/Paid-in capital	13	12,800	100
Share premium	13	51,571	–
Other reserve		100	–
Retained earnings		7,703	21,293
		<hr/>	<hr/>
Total equity		72,174	21,393
		<hr/>	<hr/>

		As at 31 March	
	<i>Note</i>	2017	2016
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		181	266
Deferred tax liabilities		576	584
		<hr/>	
Total non-current liabilities		757	850
		<hr/>	
Current liabilities			
Trade payables	12	16,549	27,592
Accruals and other payables		4,554	2,902
Borrowings		18,584	18,771
Current income tax liabilities		293	1,179
		<hr/>	
Total current liabilities		39,980	50,444
		<hr/>	
Total liabilities		40,737	51,294
		<hr/>	
Total equity and liabilities		112,911	72,687
		<hr/>	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company				
	Share capital/ Paid-in capital	Share premium	Other reserve	Retained earnings	Total
	(Note 13)	(Note 13)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2015	–	–	–	10,220	10,220
Total comprehensive income					
Profit for the year	–	–	–	11,073	11,073
Transaction with owner in their capacity as owner					
Contribution from a shareholder	100	–	–	–	100
Balance at 31 March 2016 and 1 April 2016	100	–	–	21,293	21,393
Total comprehensive income					
Profit for the year	–	–	–	3,410	3,410
Transaction with owner in their capacity as owner					
Dividends paid	–	–	–	(17,000)	(17,000)
Issuance of shares and effects of the Reorganisation	(100)	–	100	–	–
Issue of new shares upon placing, net of share issuing expenses	3,200	61,171	–	–	64,371
Capitalisation of shares	9,600	(9,600)	–	–	–
Balance at 31 March 2017	12,800	51,571	100	7,703	72,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 General information

Goal Forward Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) is principally engaged in the sourcing and processing of food ingredients (the “Listing Business”). The ultimate holding company of the Company is Classic Line Holdings Limited, a company incorporated in the British Virgin Islands. Mr. Liu Chi Ching (“Mr. Liu”) is regarded as the ultimate controlling party.

The shares of the Company were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing (the “Listing”) on 13 October 2016 (the “Listing Date”).

The financial statements is presented in thousands of Hong Kong dollars (“HK\$000”), unless otherwise stated.

2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”) as described below, the Listing Business was carried out by C.Y. Food Trading (HK) Company Limited, a company incorporated in Hong Kong (the “Operating Company”). The Operating Company was controlled by Mr. Liu immediately before and after the group reorganisation prior to the Listing.

In preparation for listing of the Company’s shares on the GEM of the Stock Exchange, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- a. On 8 January 2016, Classic Line Holdings Limited (“Classic Line”) was incorporated in the British Virgin Islands (“BVI”) by Mr. Liu.
- b. On 10 March 2016, Eminent Ace Group Limited (“Eminent Ace”) was incorporated in the BVI. On the same date, one fully-paid share of Eminent Ace, representing its entire issued share capital was allotted and issued to Classic Line.
- c. On 6 April 2016, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares. On the same date, one nil-paid ordinary share was allotted and issued to Classic Line.

- d. On 13 May 2016, Eminent Ace acquired the entire issued share capital of the Operating Company from Mr. Liu, in consideration of which the Company, at the direction of Mr. Liu, issued and allotted 9,999 nil-paid shares to Classic Line.
- e. On 16 May 2016, Classic Line, Mr. Liu and the Company entered into a share swap deed pursuant to which the Company acquired 1 fully paid share in Eminent Ace from Classic Line and as consideration, the Company credited 10,000 nil-paid share held by Classic Line as fully paid.
- f. On 25 May 2016, Lion Metro Limited (“Lion Metro”) was incorporated in the BVI by Eminent Ace.
- g. On 22 June 2016, Lion Metro acquired the entire issued share capital of the Healthy Cheer International Limited (“Healthy Cheer”) from its then shareholders, Mr. Liu, Mr. Chan Kam Cheong (“Mr. Chan”) and Ms. Liu Shek Chun (“Ms. Liu”), in consideration of which Eminent Ace issued and allotted 99 fully-paid shares in Eminent Ace to the Company. Prior to this transaction, Mr. Liu was the controlling shareholder of Healthy Cheer as he beneficially owned the entire issued share capital of Healthy Cheer through declarations of trust signed by Mr. Liu with Mr. Chan and Ms. Liu respectively, on 9 July 2009.
- h. Pursuant to the written resolutions passed on 26 September 2016, upon completion of the placing, the Company was authorised to capitalise a sum of approximately HK\$9,600,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 959,990,000 ordinary shares of the Company (the “Capitalisation Issue”).
- i. In connection with the Listing, 320,000,000 shares of HK\$0.01 each were issued at the offer price of HK\$0.225 with gross proceeds of HK\$72,000,000. HK\$3,200,000 was credited to the share capital account and HK\$61,171,000 (net of share issuing expenses of HK\$7,629,000) was credited to the share premium account.

After the completion of the Reorganisation, the Company has become the holding Company of the subsidiaries now comprising the Group.

3 Basis of preparation

Immediately before and after the Reorganisation, the Company and its subsidiaries were controlled by Mr. Liu as the controlling shareholder. The transactions as described in Note 2 above are merely a reorganisation of the Listing Business with no change in management and the controlling shareholder of the Listing Business remains the same. Accordingly, the consolidated financial statements of the Company and the Listing Business have been prepared using the historical carrying values of the assets and liabilities of the Listing Business as if the current group structure had been in existence since 1 April 2015.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

4 Adoption of Hong Kong Financial Reporting Standards (“HKFRSs”)

(a) Adoption of improvements, new and amendments to HKFRSs – effective 1 April 2016

The Group has adopted the following improvements, new and amendments to existing standards which are mandatory for the financial year beginning on or after 1 April 2016:

Annual Improvements Project (Amendments)	Annual Improvements 2012-2014 Cycle
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Account

The adoption of the above HKFRSs did not have any significant financial impact on the consolidated financial statements.

(b) New and amendments to HKFRSs which are not yet effective

		Effective for accounting year beginning on or after	<i>Note</i>
HKAS 7 (Amendment)	Disclosure Initiative	1 January 2017	
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018	
HKFRS 9	Financial Instruments	1 January 2018	<i>i</i>
HKFRS 15	Revenue from Contracts with Customers	1 January 2018	<i>ii</i>
HKFRS 15 (Amendment)	Clarification to HKFRS 15	1 January 2018	
HKFRS 16	Leases	1 January 2019	<i>iii</i>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	

The Group will apply the above HKFRSs when they become effective. The Group is in the process of making an assessment of the impact of the above HKFRSs.

Note i: HKFRS 9, “Financial instruments”

HKFRS 9 “Financial instruments” replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. Classification is driven by the entity’s business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

For the year ended 31 March 2017, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former. The implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

Note ii: HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group has commenced an assessment of the impact of HKFRS 15 on the recognition of revenue, based on its preliminary assessment, the implementation of the new standard is not expected to have significant impacts on the Group's consolidated financial statements.

Note iii: HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$1,050,000.

The commitments may be covered by the exception for short-term and low value leases. Accordingly, the Group currently does not expect the new standard to have a significant impact on the Group's consolidated financial statements.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Aside from these standards mentioned above, management is in the process of making an assessment of the impact of these new and amendments to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

5. Segment information

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in the sourcing and processing of food ingredients, which are carried out in Hong Kong.

Total revenue recognised during the year are as follows:

	Year ended 31 March	
	2017	2016
	HK\$'000	<i>HK\$'000</i>
Sales of goods	166,300	166,230

The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the financial statements.

Revenues from transactions with external customers accounting for 10% or more of Group's total revenue are as follows:

	Year ended 31 March	
	2017	2016
	HK\$'000	<i>HK\$'000</i>
Customer A	20,213	16,808
Customer B	18,491	20,768
	38,704	37,576

6 Expenses by nature

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Cost of inventories	99,884	110,356
Employee benefit expenses	14,490	12,516
Commission	1,022	1,278
Auditors' remuneration		
– Audit related services	1,150	200
– Non-audit services	107	–
Depreciation of property, plant and equipment	869	1,314
Operating leases	934	885
Transportation expenses	17,669	16,770
Provision for/(reversal of) impairment of trade receivables, net	11	(18)
Listing expenses	14,049	2,481
Other expenses	8,554	6,276
	<hr/>	<hr/>
	158,739	152,058
	<hr/>	<hr/>

7 Finance costs – net

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Interest expense on bank borrowings	818	568
Interest expense on finance leases	15	19
	<hr/>	<hr/>
Finance costs	833	587
Interest income from bank deposits	(2)	(1)
	<hr/>	<hr/>
Finance costs – net	831	586
	<hr/>	<hr/>

8 Income tax expense

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2017 (2016: 16.5%).

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Current income tax		
– Current year	3,314	2,762
– Over-provision in prior year	(47)	–
	3,267	2,762
Deferred income tax	19	(126)
Income tax expense	3,286	2,636

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group's subsidiaries as follows:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Profit before income tax	6,696	13,709
Calculated at a tax rate of 16.5% (2016: 16.5%)	1,105	2,262
Expenses not deductible for tax purposes	2,228	409
Non-taxable income	–	(35)
Over-provision in prior year	(47)	–
Income tax expense	3,286	2,636

Notes:

Expense not deductible for tax purposes mainly comprised the tax effect of non-deductible listing expenses for the year ended 31 March 2017.

9 Dividend

No dividend has been paid or declared by the Company during the period from its incorporation date to 31 March 2017.

Dividend paid and declared during the year ended 31 March 2017 represented dividends declared by C.Y. Food Trading (HK) Company Limited, a subsidiary of the Company, to its then shareholder. This dividend was settled on 17 May 2016 by way of offsetting its then outstanding amounts due from a director of approximately HK\$15,965,000, and with the remaining balance of approximately HK\$1,035,000 being settled by cash on 24 October 2016.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this announcement.

10 Earnings per share attributable to owners of the Company for the year – Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Profit attributable to owners of the Company	3,410	11,073
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousand)	1,109,041	960,000
Earnings per share (expressed in HK cents per share)	0.31	1.15

Note:

	Year ended 31 March	
	2017 '000	2016 '000
Number of shares issued at the beginning of the year	960,000	960,000
Effect of issuance of new shares upon Placing	149,041	–
Weighted average number of ordinary shares for basic earnings per share	1,109,041	960,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 2 had been effective from 1 April 2015.

The Group does not have any potential dilutive option or other instruments relating to ordinary shares.

11 Trade receivables

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Trade receivables	22,142	26,955
Less: provision for impairment of trade receivables	–	–
	22,142	26,955

The carrying amounts of trade receivables approximate their fair values.

The Group normally grants credit terms to its customers ranging from 0 to 90 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
1 to 30 days	13,565	15,052
31 to 60 days	6,882	8,543
61 to 90 days	758	1,988
91 to 120 days	260	276
Over 120 days	677	1,096
Total	22,142	26,955

As at 31 March 2017, HK\$1,812,000 (2016: HK\$4,426,000) was past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

The ageing analysis of the trade receivables based on due date is as follows:

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Not yet past due	20,330	22,529
Past due but not impaired		
1 to 30 days	1,404	3,908
31 to 60 days	173	148
61 to 90 days	4	169
Over 90 days	231	201
Total	22,142	26,955

12 Trade payables

As at 31 March 2016 and 31 March 2017, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2017 HK\$'000	2016 HK\$'000
0 to 30 days	8,056	9,652
31 to 60 days	4,930	7,822
61 to 90 days	3,563	5,485
Over 90 days	–	4,633
	16,549	27,592

The carrying amounts of the Group's trade payables are denominated in HK\$. The carrying amounts of trade payables approximate their fair values.

13 Share Capital/Paid-in Capital and Share Premium

The paid-in capital of the Group as at 31 March 2016 represented the aggregate of share capital of the companies now comprising the Group. The share capital of the Group as at 31 March 2017 represented the share capital of the Company.

	Number of Ordinary share (in thousand)	Nominal value of ordinary share HK\$'000	Share premium HK\$'000
Authorised share capital			
Ordinary shares of HK\$0.01 each			
As at 6 April 2016 (Date of incorporation) (note a)	38,000	380	–
Increase in authorised share capital (note b)	1,962,000	19,620	–
As at 31 March 2017	2,000,000	20,000	–
Issued and fully paid			
Ordinary shares of HK\$0.01 each			
As at 6 April 2016 (Date of incorporation) (note a)	–	–	–
Issue of shares to Class Line (note c)	10	–	–
Issue of new shares upon placing, net of share issuing expenses (note e)	320,000	3,200	61,171
Capitalisation of shares (note d)	959,990	9,600	(9,600)
	1,280,000	12,800	51,571

Notes:

- (a) On 6 April 2016, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one nil-paid ordinary share was allotted and issued to Classic Line.
- (b) On 26 September 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares, each ranking pari passu in all respects with the then existing shares.
- (c) On 16 May 2016, Classic Line, Mr. Liu and the Company entered into a share swap deed pursuant to which the Company acquired the entire issued share capital of Eminent Ace from Classic Line and as consideration, the Company credited 10,000 nil-paid shares held by Classic Line as fully paid.
- (d) Pursuant to the written resolutions passed on 26 September 2016, upon completion of the placing, the Company was authorised to capitalise a sum of approximately HK\$9,600,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 959,990,000 ordinary shares of the Company.
- (e) The Company's shares were successfully listed on GEM on 13 October 2016. Upon the completion of the Listing, 320,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.225 per share for a total consideration, net of share issuing expenses, of HK\$64,371,000.

14 Related-party transactions

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2016 and 2017:

Name of the related party	Relationship with the Group
China Land Restaurant Limited	The director, Liu Chi Ching has beneficial interest in the company
Winning Tender Limited	The director, Liu Chi Ching has beneficial interest in the company
Siberi Trading Company Limited	The director, Liu Chi Ching has beneficial interest in the company (this company ceased its related party's relation with the Group since November 2015)
Across Well Limited	The director, Liu Chi Ching has beneficial interest in the company
Mr. Liu Chi Ching	A shareholder and director of the Company
Au Kit Ying	The owners of this partnership business are related persons to Liu Chi Ching, the shareholder and the director of the Company

In addition to the related party information disclosed above, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and balances arising from related party transactions as at year end.

(a) Transactions with related parties

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Continuing related parties' transactions		
Sales of goods to related companies		
– China Land Restaurant Limited	679	691
– Winning Tender Limited	643	641
Rental expenses charged by a related company		
– Across Well Limited	336	336
Purchase of goods from a related party		
– Au Kit Ying	82	88
Discontinued related parties' transactions		
Purchase of goods from a related company		
– Siberi Trading Company Limited	–	144

(b) Balance with related parties

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Amount due from a director	–	16,012
Amount due from China Land Restaurant Limited	61	62
Amount due from Winning Tender Limited	52	65
Amount due to Au Kit Ying	10	13

The amount due from a director as at 31 March 2016 solely represented amount due from Mr. Liu Chi Ching. The amount was non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amount approximated its fair value and was denominated in HK\$.

15 Principal subsidiaries of the Company

The following is a list of the principal subsidiaries at 31 March 2017:

Company name	Country/place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
Eminent Ace Group Limited	BVI	US\$1	Investment holding/ Hong Kong	100%	–
C.Y. Food Trading (HK) Company Limited	Hong Kong	HK\$1	Processing and distribution of vegetables and other food/Hong Kong	–	100%
Lion Metro Limited	BVI	US\$1	Investment holding/ Hong Kong	–	100%
Healthy Cheer International Limited	Hong Kong	HK\$100,000	Property holding and investment/Hong Kong	–	100%
Profit Star Holdings Limited	Seychelles	US\$1	Investment holding/ Hong Kong	100%	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a food ingredients supplier with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. It supplies food ingredients to over 700 customer outlets and offers more than 1,300 types of food ingredients to the customers.

For the year ended 31 March 2017, the Group recorded a net profit of approximately HK\$3.4 million as compared to net profit of approximately HK\$11.1 million for the same period in 2016. The Directors are of the view that the downturn experienced by the Group during the year ended 31 March 2017 was mainly attributable to the non-recurring listing expenses, that otherwise the Group's net profit for the year ended 31 March 2017 would be HK\$17.5 million. In view of the steady revenue for the year ended 31 March 2017 as compared to the same period in 2016, and the latest negotiations with existing and potential new customers, the Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

OUTLOOK

The Shares of the Company were listed on GEM on 13 October 2016 by way of placing. The Directors believe that the Listing could enhance the profile and recognition of the Group and its products and services and hence further strengthen the existing and potential customers' and suppliers' confidence in the Group. The net proceeds from the Placing will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the vegetables and fruits supply services industry.

The Group is in the course of negotiation with existing customers and potential new customers, including groups with scalable size of operations, expressing intentions for inviting us to expand the existing supply scope or to parallel support their new outlets development. In addition, with the success of exploring new sources of vegetables and fruits supplies, the Group shall sustain its competitiveness within the market and shall continue to strive and achieve the business objectives as stated in the prospectus of the Company dated 30 September 2016 (the "Prospectus").

Revenue

The Group's revenue increased from approximately HK\$166.2 million for the year ended 31 March 2016 to approximately HK\$166.3 million for the year ended 31 March 2017, primarily attributable to the steady supplies of customer outlets and variations in product mix.

Cost of sales

The Group's cost of sales for the year ended 31 March 2017 was approximately HK\$131.2 million, representing a decrease of approximately 6.6% from approximately HK\$140.5 million for the year ended 31 March 2016, primarily attributable to the increased efforts in procurement and better purchase cost management, including (i) closely monitor products that were of higher purchase volume among the Group; (ii) procure products directly from overseas' farms or suppliers; and (iii) also improve of operation management.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2017 were approximately HK\$35.1 million, representing an increase of approximately 36.1% from approximately HK\$25.8 million for the year ended 31 March 2016. The Group's gross profit margin for the year ended 31 March 2017 was approximately 21.1%, representing an increase of approximately 5.6 percentage points as compared to approximately 15.5% for the year ended 31 March 2016. The increase in gross profit was mainly due to the combined effect of (i) the increased efforts in procurement and better purchase cost management as explained above and (ii) different mix of goods procured by customer.

Selling and administrative expenses

The Group's selling and administrative expenses for the year ended 31 March 2017 were approximately HK\$27.5 million, representing an increase of approximately 137.1% from approximately HK\$11.6 million for the year ended 31 March 2016, primarily due to the non-recurring listing expenses incurred during 31 March 2017 and the higher employee benefit expenses to retain high caliber employees and support the business growth.

Finance costs

Finance costs of the Group increased by approximately 41.9% from approximately HK\$587,000 for the year ended 31 March 2016 to approximately HK\$833,000 for the year ended 31 March 2017. The increase in finance costs was mainly attributable to penalty interests for remortgage of land and buildings during the year ended 31 March 2017.

Share of loss of a joint venture

During the year ended 31 March 2017, the Group recorded share of losses of a joint venture in an aggregate of HK\$147,000 (31 March 2016: Nil) mainly because the joint venture was in the early stage of developing its business.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 March 2017 amounted to approximately HK\$3.4 million, representing a decrease of approximately 69.4% as compared with profit of approximately HK\$11.1 million for the year ended 31 March 2016. It was mainly due to the non-recurring listing expenses, gross profit and other income for reasons mentioned above.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 13 October 2016 through a placement of 320,000,000 shares of HK\$0.01 each in the share capital of the Group at the price of HK\$0.225 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK\$47.8 million. Up to 31 March 2017, the net proceeds from the Listing had been applied as follows:

	Actual net proceeds allocated <i>HK\$ million</i>	Amount utilised balance up to 31 March 2017 <i>HK\$ million</i>	As at 31 March 2017 <i>HK\$ million</i>
Acquisition of new processing base, facilities and equipment	23.7	–	23.7
Further strengthening our manpower	9.1	0.2	8.9
Expansion of logistic team	9.8	–	9.8
Enhancement of sales channels	0.5	–	0.5
General working capital	4.7	–	4.7
Total	47.8	0.2	47.6

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on Date of Listing. There has been no change in the capital structure of the Group since the Listing Date and up to date of this announcement. The capital of the Group only comprises of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank borrowings.

As at 31 March 2017, the Group had borrowings of approximately HK\$18.8 million which was denominated in Hong Kong Dollars (31 March 2016: HK\$19.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations and purchase of the existing premises, while the liability of the finance lease obligations was for the acquisition of motor vehicles to support its operations.

As at 31 March 2017, the Group had approximately HK\$68.9 million in bank balance and cash (31 March 2016: approximately HK\$9.5 million). The Group had no bank overdraft as at 31 March 2017 (31 March 2016: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

As at 31 March 2017, the gearing ratio of the Group was approximately 26.0% (31 March 2016: 89.0%). The decrease in gearing ratio was due to strengthening of the Group's capital structure through the fund raised in the IPO of the Company. Gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

CHARGE ON GROUP ASSETS

As at 31 March 2017, the Group has pledged its properties and motor vehicle with net book value amounted to approximately HK\$16,457,000 (31 March 2016: HK\$17,005,000) and approximately HK\$217,000 (31 March 2016: HK\$341,000), respectively, for certain banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Save as disclosed herein, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2017. There is no other plan for material investments or capital assets as at 31 March 2017.

FOREIGN EXCHANGE EXPOSURE

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is food ingredients supplier and most of its transactions settled in Hong Kong Dollars. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2017 (31 March 2016: Nil).

COMMITMENTS

The contract commitments mainly involve rental payable by the Group in respect of the processing facilities, parking lots and Director quarter under non-cancellable operating leases. As at 31 March 2017, the Group's operating lease commitments were approximately HK\$1,050,000 (31 March 2016: HK\$922,000).

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (31 March 2016: Nil).

In May 2016, the Operating Company, a wholly-owned subsidiary of the Company declared a special dividend in the sum of approximately HK\$17,000,000 to its then shareholder, which was settled by way of offsetting its then outstanding amounts due from the Controlling Shareholder of approximately HK\$15,965,000, and with the remaining balance of approximately HK\$1,035,000 settled by cash.

INFORMATION ON EMPLOYEES

As at 31 March 2017, the Group had 67 employees working in Hong Kong (31 March 2016: 66). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the two years ended 31 March 2016 and 2017 amounted to approximately HK\$12.5 million and HK\$14.5 million respectively.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code since the Listing Date to 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealing").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the year ended 31 March 2017.

AUDIT COMMITTEE

Our Company has established the Audit Committee on 26 September 2016 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code (the “Corporate Governance Code”) as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, all are our independent non-executive Directors, namely Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit, of whom Mr. Ng Ki Man is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2017.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to thank our customers, suppliers, business partners for their support. Also, I would like to offer my highest gratitude to our shareholders for their devotion and to our employees for their loyalty and contributions made during the year.

By order of the Board
Goal Forward Holdings Limited
Liu Chi Ching
Chairman and Executive Director

Hong Kong, 19 June 2017

As at the date of this announcement, the Board comprises Mr. Liu Chi Ching and Ms. Wu Shuk Kwan as executive Directors; Mr. Wong Chung Yeung as non-executive Director and Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit as independent non-executive Directors.