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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 2018

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Goal Forward Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 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 herein or this announcement misleading.*

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	Year ended 31 March	
		2018	2017
		HK\$'000	HK\$'000
Revenue	3	176,841	166,300
Cost of sales	4	(132,251)	(131,226)
		<hr/>	
Gross profit		44,590	35,074
Other income		279	113
Selling and administrative expenses	4	(17,061)	(27,513)
		<hr/>	
Operating profit		27,808	7,674
		<hr style="border-top: 1px dashed black;"/>	
Finance income	5	131	2
Finance costs	5	(430)	(833)
		<hr/>	
Finance costs – net	5	(299)	(831)
Share of profit/(loss) of a joint venture		14	(147)
		<hr style="border-top: 1px dashed black;"/>	
Profit before income tax		27,523	6,696
Income tax expense	6	(4,662)	(3,286)
		<hr/>	
Profit and total comprehensive income for the year attributable to equity holders of the Company		22,861	3,410
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Basic and diluted earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	8	1.79	0.31
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

		As at 31 March	
	Note	2018	2017
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		70,982	17,019
Deposits and prepayments		3,765	2,648
Deferred tax assets		–	90
Interest in a joint venture		867	853
		<hr/>	
Total non-current assets		75,614	20,610
		<hr style="border-top: 1px dashed black;"/>	
Current assets			
Inventories		663	607
Trade receivables	9	37,376	22,142
Deposits and prepayments		902	628
Cash and cash equivalents		16,133	68,924
		<hr/>	
Total current assets		55,074	92,301
		<hr style="border-top: 1px dashed black;"/>	
Total assets		130,688	112,911
		<hr/>	
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10	12,800	12,800
Share premium	10	51,571	51,571
Other reserve		100	100
Retained earnings		30,564	7,703
		<hr/>	
Total equity		95,035	72,174
		<hr/>	

		As at 31 March	
	<i>Note</i>	2018	2017
		HK\$'000	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		93	181
Deferred tax liabilities		712	576
		<hr/>	
Total non-current liabilities		805	757
		<hr style="border-top: 1px dashed black;"/>	
Current liabilities			
Trade payables	11	10,923	16,549
Accruals and other payables		4,732	4,554
Borrowings		17,806	18,584
Current income tax liabilities		1,387	293
		<hr/>	
Total current liabilities		34,848	39,980
		<hr style="border-top: 1px dashed black;"/>	
Total liabilities		35,653	40,737
		<hr style="border-top: 1px dashed black;"/>	
Total equity and liabilities		130,688	112,911
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the year ended 31 March 2018*

	Attributable to equity holders of the Company				
	Share capital <i>(Note 10)</i> <i>HK\$'000</i>	Share premium <i>(Note 10)</i> <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2016	100	–	–	21,293	21,393
Total comprehensive income					
Profit for the year	–	–	–	3,410	3,410
Transaction with equity holders in their capacity as equity holders					
Dividends paid	–	–	–	(17,000)	(17,000)
Issuance of shares and effects of 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 and 1 April 2017	12,800	51,571	100	7,703	72,174
Total comprehensive income					
Profit for the year	–	–	–	22,861	22,861
Balance at 31 March 2018	12,800	51,571	100	30,564	95,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 GENERAL INFORMATION

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 PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the sourcing and processing of food ingredients. The ultimate holding company of the Company is Classic Line Holdings Limited (“**Classic Line**”), 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 GEM of 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 BASIS OF PREPARATION

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.

(a) Adoption of amendments to standards

The Group has adopted the following amendments to existing standards which are mandatory for the financial year beginning on or after 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual improvements 2014-2016 Cycle

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

(b) New standards, amendments to standards and interpretations which are not yet effective

		Effective for accounting year beginning on or after	Note
Amendments to HKFRS 1	First Time Adoption of HKFRS	1 January 2018	
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018	
HKFRS 9	Financial Instruments	1 January 2018	i
HKFRS 15	Revenue from Contracts with Customers	1 January 2018	ii
Amendments to HKFRS 15	Clarifications to HKFRS 15	1 January 2018	
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	
Amendments to HKAS 28	Investments in Associates and Joint Ventures	1 January 2018	
Amendments to HKAS 40	Transfers of Investment Property	1 January 2018	
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019	
HKFRS 16	Leases	1 January 2019	iii
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019	
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs	1 January 2019	
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019	
HKFRS 17	Insurance Contracts	1 January 2021	
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	

The Group will apply the above new standards, amendments to standards and interpretations when they become effective. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below.

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. IFRS 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 2018, 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. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

The Group has commenced an assessment of the impact of HKFRS 15 on the recognition of revenue and does not expect a significant impact on the recognition of revenue.

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 balance sheet date, the Group has non-cancellable operating lease commitments of HK\$1,341,000.

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.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 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	
	2018	2017
	HK\$'000	HK\$'000
Sales of goods	176,841	166,300

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	
	2018	2017
	HK\$'000	HK\$'000
Customer A	19,394	18,491
Customer B	19,039	20,213
	38,433	38,704

4 EXPENSES BY NATURE

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Cost of inventories	98,812	99,884
Employee benefit expenses	18,516	14,490
Commission	826	1,022
Auditor's remuneration		
– Audit related services	1,150	1,150
– Non-audit services	39	39
Depreciation of property, plant and equipment	1,238	869
Operating leases	1,005	934
Transportation expenses	17,496	17,669
Provision for impairment of trade receivables, net	–	11
Professional and consulting fees	2,171	1,318
Listing expenses	–	14,049
Other expenses	8,059	7,304
	149,312	158,739

5 FINANCE COSTS – NET

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Interest expense on bank borrowings	418	818
Interest expense on finance leases	12	15
Finance costs	430	833
Interest income from bank deposits	(131)	(2)
Finance costs – net	299	831

6 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 2018 (2017: 16.5%).

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

	Year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Current income tax		
– Current year	4,436	3,314
– Over-provision in prior year	–	(47)
	<hr/>	<hr/>
	4,436	3,267
Deferred income tax	226	19
	<hr/>	<hr/>
Income tax expense	4,662	3,286

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	
	2018 HK\$'000	2017 HK\$'000
Profit before income tax	27,523	6,696
	<hr/>	<hr/>
Calculated at a tax rate of 16.5% (2017: 16.5%)	4,541	1,105
Expenses not deductible for tax purposes	238	2,228
Non-taxable income	(51)	–
Utilisation of tax loss previously not recognised	(66)	–
Over-provision in prior year	–	(47)
	<hr/>	<hr/>
Income tax expense	4,662	3,286

Notes:

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

7 DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017:nil).

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 for the year ended 31 March 2017 are not presented as such information is not considered meaningful for the purpose of this announcement.

8 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEAR – BASIC AND DILUTED

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

	Year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Profit attributable to equity holders of the Company	22,861	3,410
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousand)	1,280,000	1,109,041
Earnings per share (expressed in HK cents per share)	1.79	0.31

Note:

	Year ended 31 March	
	2018 '000	2017 '000
Number of shares issued at the beginning of the year	1,280,000	960,000
Effect of issuance of new shares upon placing	–	149,041
Weighted average number of ordinary shares for basic earnings per share	1,280,000	1,109,041

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

9 TRADE RECEIVABLES

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
Trade receivables	37,376	22,142
Less: provision for impairment of trade receivables	–	–
	<hr/>	<hr/>
	37,376	22,142
	<hr/>	<hr/>

The carrying amounts of trade receivables approximate their fair values and are denominated in HK\$.

The Group normally grants credit terms to its customers ranging from 0 to 120 days (2017: 0 to 90 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
1 to 30 days	18,264	13,565
31 to 60 days	11,823	6,882
61 to 90 days	4,006	758
91 to 120 days	2,463	260
Over 120 days	820	677
	<hr/>	<hr/>
Total	37,376	22,142
	<hr/>	<hr/>

As at 31 March 2018, approximately HK\$5,935,000 (2017: approximately HK\$1,812,000) 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.

10 SHARE CAPITAL AND SHARE PREMIUM

	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	–
	<hr/>	<hr/>	<hr/>
As at 31 March 2017, 1 April 2017 and 31 March 2018	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 Classic 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)
	<hr/>	<hr/>	<hr/>
As at 31 March 2017, 1 April 2017 and 31 March 2018	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 creation of an additional 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.

11 TRADE PAYABLES

As at 31 March 2017 and 31 March 2018, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2018 HK\$'000	2017 HK\$'000
0 to 30 days	8,756	8,056
31 to 60 days	1,581	4,930
61 to 90 days	586	3,563
	10,923	16,549

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

12 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 2017 and 2018:

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
Across Well Limited	The director, Liu Chi Ching has beneficial interest in the company
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	
	2018	2017
	HK\$'000	HK\$'000
Continuing related parties' transactions		
Sales of goods to related companies		
– China Land Restaurant Limited	705	679
– Winning Tender Limited	–	643
Rental expenses charged by a related company		
– Across Well Limited	–	336
Purchase of goods from a related party		
– Au Kit Ying	89	82

(b) Balances with related parties

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Amount due from China Land Restaurant Limited	–	61
Amount due from Winning Tender Limited	128	52
Amount due to Au Kit Ying	24	10

The carrying amounts of balances with related parties approximate their fair values and are denominated in HK\$.

13 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 March 2018:

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	British Virgin Islands	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	British Virgin Islands	US\$100	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%	–
Eastway Logistic Company Limited	Hong Kong	HK\$1	Logistic services/Hong Kong	–	100%
Better Joy Limited	Samoa	US\$100	Investment holding/Hong Kong	100%	–
Jade Royal Limited	Hong Kong	HK\$1	Property holding and investment/Hong Kong	–	100%
Wise Sino Limited	Hong Kong	HK\$1	Property holding and investment/Hong Kong	–	100%

14 ACQUISITION OF A SUBSIDIARY

On 9 January 2018, the Group completed an acquisition (the “**Acquisition**”) of 100% equity interest of Better Joy Limited at a total consideration of HK\$8,800,000.

The only major assets owned by Better Joy Limited and its subsidiaries (“**Better Joy Group**”) are six signed properties sales and purchase agreements, which allowed Better Joy Group to purchase five properties and three parking spaces (the “**Properties**”) located in Kwai Tak Industrial Centre in Kwai Chung, Hong Kong. Before the Acquisition, Better Joy Group has paid HK\$8,013,000 to the Properties vendors, representing 10% of consideration for the purchase of the Properties, their stamp duty and other transaction costs.

After the Acquisition, The Group completed acquiring the Properties by settling the remaining consideration of HK\$41,400,000.

The Group intended to use the Properties to set up new production facility to process the additional volume of food ingredients.

As Better Joy Group did not operate any business prior to the date of Acquisition, therefore the Group considers the nature of this Acquisition as acquisition of assets in substance and the consideration should be attributable to the individual assets acquired and liabilities assumed.

The relative fair values of assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	<i>HK\$</i>
Total consideration paid as at acquisition date	<u>8,800,000</u>
Assets	
Deposits and prepayments	<u>8,800,000</u>
Total identifiable net assets acquired	<u>8,800,000</u>
Cash consideration paid and cash outflow	<u>8,800,000</u>

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. The Group supplies food ingredients to over 700 customer outlets and offers more than 1,300 types of food ingredients to its customers.

For the year ended 31 March 2018, the Group recorded a net profit of approximately HK\$22.9 million as compared to net profit of approximately HK\$3.4 million for the same period in 2017. The Directors are of the view that the increase of the Group's net profit during the year ended 31 March 2018 was mainly attributable to the non-recurring listing expenses of approximately HK\$14.0 million in 2017. Setting aside the non-recurring listing expenses, the Group's net profit for the year ended 31 March 2017 would have been approximately HK\$17.5 million. The net profit for year ended 31 March 2018 would represent an increase of 30.9% as compared to the year ended 31 March 2017 after excluding the non-recurring listing expenses, the Directors are of the view that the increase was mainly attributable to the (i) increase in gross profit margin; and (ii) increase in revenue.

OUTLOOK

The shares of the Company were listed on GEM of the Stock Exchange by way of placing on 13 October 2016. 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 negotiations with existing and potential customers, including groups with sizeable operations, who have expressed their intention to invite us to expand our current scope of supply or to support the expansion of the customer's new outlets. In addition, with the success of exploring new sources of vegetables and fruits supplies, the Group is able to sustain its competitiveness within the market and 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 for the year ended 31 March 2018 was approximately HK\$176.8 million, representing an increase of approximately 6.3% from approximately HK\$166.3 million for the year ended 31 March 2017, which was primarily attributable to the increase in the supply to customer outlets and a variation of goods procured by our customers.

Cost of sales

The Group's cost of sales for the year ended 31 March 2018 was approximately HK\$132.3 million, representing a slight increase of approximately 0.8% from approximately HK\$131.2 million for the year ended 31 March 2017, which was in tandem with the revenue growth over the same period.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2018 was approximately HK\$44.6 million, representing an increase of approximately 27.1% from approximately HK\$35.1 million for the year ended 31 March 2017. The Group's gross profit margin for the year ended 31 March 2018 was approximately 25.2%, representing an increase of approximately 4.1 percentage points as compared to approximately 21.1% for the year ended 31 March 2017. The increase in gross profit was mainly due to the combined effect of (i) the increased cost management measures in procurement of food ingredients from our suppliers; and (ii) a variation of the mix of goods procured by our customers.

Selling and administrative expenses

The Group's selling and administrative expenses for the year ended 31 March 2018 were approximately HK\$17.1 million, representing a decrease of approximately 37.8% from approximately HK\$27.5 million for the year ended 31 March 2017, primarily due to the effects of the non-recurring listing expenses incurred for the year ended 31 March 2017. Setting aside the non-recurring listing expenses, the increase in selling and administrative expenses was mainly due to the increase of staff costs which is needed to retain our high caliber employees.

Finance costs

Finance costs of the Group decreased by approximately 48.4% from approximately HK\$833,000 for the year ended 31 March 2017 to approximately HK\$430,000 for the year ended 31 March 2018. The decrease in finance costs was mainly attributable to the decrease in interest expense on bank borrowing during the year ended 31 March 2018.

Share of profit/loss of a joint venture

During the year ended 31 March 2018, the Group recorded a share of profit of a joint venture of approximately HK\$14,000 as compared with loss of approximately HK\$147,000 for the year ended 31 March 2017 mainly because the joint venture was in the early stage of developing its business during the year ended 31 March 2017.

Profit attributable to equity holders of the Company

As a result of the foregoing, the Group's profit attributable to equity holders of the Company for the year ended 31 March 2018 amounted to approximately HK\$22.9 million, representing an increase of approximately 573.5% as compared with a profit of approximately HK\$3.4 million for the year ended 31 March 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2018.

Business plan as set out in the Prospectus Progress up to 31 March 2018

Acquisition of new processing base, facilities and equipment

- | | |
|--|--|
| – Downpayment for acquiring additional industrial premises of approximately 9,000 to 10,000 sq.ft. in the industrial zone in New Territories as a new processing base of the Group | The Group has acquired a new premises as a new processing base in January 2018 |
| – Fitting out, renovation and installation of the new processing base | The Group is in the progress of renovating the new processing base |
| – Acquire additional facilities and machines, such as washing and drying machines, various cutting machines and chemical detection devices | The Group has paid deposits for acquiring additional facilities and machines |
| – Evaluate the efficiency of new processing base and assess the need for additional facilities and machines | Due to postponement in schedule, the evaluation and assessment are deferred |

Further strengthening our manpower

- | | |
|--|---|
| – Recruit two additional sales personnel to expand the sales team | The Group has recruited additional sales personnel to expand the sales team |
| – Recruit approximately 15 additional operation staff to improve the processing capacity | The Group has recruited additional operation staff to improve the processing capacity |
| – Recruit an additional procurement personnel to further strengthen the sourcing network | Shortage of the personnel of the right calibre and schedule is deferred |
| – Assess the sufficiency of our labour resources having to the business development | Labour resources remain fully adequate and manageable |

Expansion of logistic team

- | | |
|---|---|
| – Acquire four additional chilled 5.5 tonne trucks and two non-chilled 5.5 tonne trucks | Four additional trucks have been acquired. Due to labour shortage, the acquisition schedule is deferred |
| – Recruit approximately twelve additional distribution staff responsible for driving and delivering | Due to distribution staff shortage, the schedule has been deferred |
| – Maintain the cost of additional trucks acquired and distribution staff recruited | The proceeds have not been fully utilised due to shortage of labour resources |

Enhancement of sales channels

- | | |
|--|--|
| – Enhance the sales channels such as maintaining and upgrading of mobile sales application and developing an internet sales platform | Enhancing our sales channel requires modifications to the core of our existing application systems and such modifications required longer time than expected |
|--|--|

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 2018, the net proceeds from the Listing had been applied as follows:

	Planned use of proceeds from Listing Date to 31 March 2018	Actual use of proceeds from Listing Date to 31 March 2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
Acquisition of new processing base, facilities and equipment	27.4	25.5
Further strengthening our manpower	3.8	2.9
Expansion of logistic team	5.6	3.3
Enhancement of sales channels	0.4	–
General working capital	5.5	5.5
	<hr/>	<hr/>
Total	42.7	37.2

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 the 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 2018, the Group had borrowings of approximately HK\$17.9 million which was denominated in Hong Kong Dollars (31 March 2017: HK\$18.8 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 2018, the Group had approximately HK\$16.1 million in bank balance and cash (31 March 2017: HK\$68.9 million). The Group had no bank overdraft as at 31 March 2018 (31 March 2017: 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 2018, the gearing ratio of the Group was approximately 18.8% (31 March 2017: 26.0%). The decrease in gearing ratio was due to strengthening of the Group's capital structure through the fund raised from the Listing. Gearing ratio is calculated as total debt divided by total equity.

CHARGE ON GROUP ASSETS

As at 31 March 2018, the Group has pledged its properties and motor vehicle with net book value amount of approximately HK\$18,500,000 (31 March 2017: HK\$16,457,000) and HK\$93,000 (31 March 2017: HK\$217,000), respectively, to secure 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 in this announcement and the Prospectus, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2018. There is no other plan for material investments or capital assets as at 31 March 2018.

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. Most of the Group's transactions were settled in Hong Kong Dollars and the Group's transaction, monetary assets and liabilities were denominated 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 2018 (31 March 2017: 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 2018, the Group's operating lease commitments were approximately HK\$1,341,000 (31 March 2017: HK\$1,050,000).

SEGMENT INFORMATION

The Group principally operates in one business segment, which is providing sourcing and processing of food ingredients services in Hong Kong.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (31 March 2017: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2018, the Group had 87 employees working in Hong Kong (31 March 2017: 67). 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 years ended 31 March 2017 and 2018 amounted to approximately HK\$14.5 million and HK\$18.5 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 "**CG 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 CG Code since the Listing Date to 31 March 2018.

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealing**"). Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and there was no event of non-compliance during the year ended 31 March 2018.

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 CG Code. 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 2018.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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 2018 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 ended 31 March 2018. 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.

The Group's annual results for the year ended 31 March 2018 has been reviewed by the Audit Committee.

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, 20 June 2018

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.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Information" 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.