

GOAL FORWARD HOLDINGS LIMITED

展程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8240



Third Quarterly Report **2016**

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

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*This report, for which the directors (the “**Directors**”) of Goal Forward Holdings Limited (the “**Company**” and 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 the GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2016**

Unaudited third quarterly results

The unaudited condensed consolidated results of the Group for the three months and the nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding periods in 2015, are as follows:

	Note	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	4	42,504	42,750	125,527	121,841
Cost of sales		(34,057)	(35,417)	(99,973)	(104,565)
Gross profit		8,447	7,333	25,554	17,276
Other income		29	29	94	75
Selling and administrative expenses		(4,872)	(1,422)	(23,664)	(5,915)
Operating profit		3,604	5,940	1,984	11,436
Finance income		2	–	2	1
Finance costs		(112)	(143)	(726)	(452)
Finance costs – net		(110)	(143)	(724)	(451)
Profit before income tax		3,494	5,797	1,260	10,985
Income tax expense	5	(872)	(952)	(2,581)	(1,718)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to the owners of the Company		2,622	4,845	(1,321)	9,267
(Losses)/earnings per share attributable to owners of the Company for the period – Basic and diluted (expressed in HK cents per share)	6	0.21	0.50	(0.13)	0.97

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

	Attributable to owners of the Company					Total
	Share capital	Share premium	Merger reserves	Combined capital	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2016 (Audited)	-	-	-	100	21,293	21,393
Total comprehensive income						
Loss for the period	-	-	-	-	(1,321)	(1,321)
Transaction with owners in their capacity as owners						
Dividends declared (Note 7)	-	-	-	-	(17,000)	(17,000)
Issuance of shares pursuant to a group reorganisation	-	-	100	(100)	-	-
Capitalisation of shares (Note a)	9,600	(9,600)	-	-	-	-
Issue of new shares upon placing, net of share issuing expenses	3,200	60,451	-	-	-	63,651
Balance at 31 December 2016 (Unaudited)	12,800	50,851	100	-	2,972	66,723

FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

	Attributable to owners of the Company				Total
	Share capital	Merger reserves	Combined capital	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2015 (Audited)	-	-	-	10,222	10,222
Total comprehensive income					
Profit for the period	-	-	-	9,267	9,267
Transaction with owners in their capacity as owners					
Proceeds from share issued	-	-	100	-	100
Balance at 31 December 2015 (Unaudited)	-	-	100	19,489	19,589

Note a: 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\$9.6 million 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").

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 CORPORATION 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 registered office in Cayman Islands is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is Workshop No. A-B, 1/F, Sunking Factory Building, No. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the sourcing and processing of food ingredients (the "**Listing Business**"). The controlling shareholder of the Company is Mr. Liu Chi Ching ("**Mr. Liu**") (the "**Controlling Shareholder**").

The shares of the Company (the "**Share(s)**") were listed on GEM by way of placing (the "**Listing**") on 13 October 2016 (the "**Listing Date**").

This condensed consolidated financial information is presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated.

2 BASIC OF PREPARATION AND PRESENTATION

This unaudited condensed consolidated financial information for the nine months ended 31 December 2016 has been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial information should be read in conjunction with the Company's combined financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA, as set out in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**").

The companies now comprising the Group, were under the control of Mr. Liu, immediately before and after the reorganisation (the "**Reorganisation**"). For the purpose of this report, the financial results for the nine months ended 31 December 2015 has been prepared on a combined basis.

Immediately prior to and after the Reorganisation, the Listing Business was carried out by C.Y. Food Trading (HK) Company Limited, a company incorporated in Hong Kong (the "**Operating Company**"). Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The transaction is merely a Reorganisation of the Listing Business with no change in management and Controlling Shareholder of such business. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented, as if the current group structure had been in existence throughout the relevant periods or since the respective dates of establishments of the combining companies, whichever is earlier.

Inter-company transactions, balances and unrealised gains/(losses) on transactions between group companies are eliminated on consolidation.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the Company's combined financial statements for the year ended 31 March 2016.

Taxes on income in the reporting periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 April 2016:

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

The adoption of the above new or amended standards or interpretations did not have a material impact on the Group's condensed consolidated financial information.

The following new standards and revisions to standards have been issued, but are not effective for the financial year beginning 1 April 2016 and have not been early adopted by the Group.

		Effective for accounting year beginning on or after
HKAS 7 (amendment)	Disclosure Initiative	1 January 2017
HKAS 12 (amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 (amendment)	Classification and Measurement of Share – based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by HKICPA

The Group is in the process of making an assessment on the impact of these standards, revisions to existing HKFRS and is not yet in a position to state whether they have a significant impact on the Group's results of operations and financial position.

4 REVENUE

Total revenue recognised during the period are as follows:

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	42,504	42,750	125,527	121,841

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit during the nine months ended 31 December 2016.

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

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Current income tax				
– Current period	886	959	2,606	1,822
Deferred income tax	(14)	(7)	(25)	(104)
	872	952	2,581	1,718
Income tax expense				

6 (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

(a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the 10,000 ordinary Shares issued to the Controlling Shareholders during the Reorganisation and the additional 959,990,000 shares under the Capitalisation Issue were treated as if they had been in issue since 1 April 2015.

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2016	2015	2016	2015
(Loss)/Profit for the period attributable to the owners of the Company (HK\$'000)	2,622	4,845	(1,321)	9,267
Weighted number of ordinary shares in issue ('000)	1,238,261	960,000	1,053,091	960,000
Basic (losses)/earnings per share (HK cents per share)	0.21	0.50	(0.13)	0.97

(b) Diluted

Diluted (losses)/earnings per share for the three months and nine months 31 December 2016 and 2015 is the same as basic (losses)/earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

7 DIVIDENDS

	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Dividends	–	–	17,000	–

No dividend was paid or proposed by the Company since its incorporation. 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.

The board of Directors (the “**Board**”) does not recommend a payment of any dividend for the nine months ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in food processing and supply of vegetables, fruits and other food ingredients 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 nine months ended 31 December 2016, the Group recorded a net loss of approximately HK\$1.3 million as compared to net profit of approximately HK\$9.3 million for the same period in 2015. The Directors are of the view that the net loss was mainly attributable to the non-recurring listing expenses. Set aside the listing expenses, the Group's net profit for the nine months ended 31 December 2016 would be approximately HK\$12.7 million, compared to HK\$9.3 million for the same period in 2015. In view of the steady revenue growth for the nine months ended 31 December 2016 as compared to the same period in 2015, 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 were listed on GEM on the Listing Date 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 negotiations 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 parallelly support its 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.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 3.0% from approximately HK\$121.8 million for the nine months ended 31 December 2015 to approximately \$125.5 million for the nine months ended 31 December 2016, primarily attributable to the increase of customer outlets over certain periods.

Cost of sales

The Group's cost of sales for the nine months ended 31 December 2016 was approximately HK\$100.0 million, representing a decrease of approximately 4.4% from approximately HK\$104.6 million for the nine months ended 31 December 2015, 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; and (ii) procure products directly from overseas' farms or suppliers.

Gross profit and gross profit margin

The Group's gross profit for the nine months ended 31 December 2016 were approximately HK\$25.6 million, representing an increase of approximately 48.0% from approximately HK\$17.3 million for the nine months ended 31 December 2015. The Group's gross profit margin for the nine months ended 31 December 2016 was approximately 20.4%, representing an increase of approximately 6.2 percentage points as compared to approximately 14.2% for the nine months ended 31 December 2015. 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 customers.

Selling and administrative expenses

The Group's selling and administrative expenses for the nine months ended 31 December 2016 were approximately HK\$23.7 million, representing an increase of approximately 301.7% from approximately HK\$5.9 million for the nine months ended 31 December 2015, primarily due to the non-recurring listing expenses incurred during 2016 and the higher employee benefit expenses to support the business growth.

USE OF PROCEEDS FROM PLACING

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$47.2 million which will be used for the intended purposes as set out in the section headed "Business Objectives and Future Plans" of the Prospectus.

DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2016.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in ordinary Shares of associated corporation

Name	Capacity/nature	Number of Shares held	Approximate percentage of shareholding
Mr. Liu Chi Ching	Interest of a controlled corporation	720,000,000	56.25%

Note:

1. Mr. Liu beneficially owns the entire issued share capital of Classic Line Holdings Limited (the "**Classic Line**"). Therefore, Mr. Liu is deemed or taken to be interested in all the Shares held by Classic Line for the purpose of the SFO. Mr. Liu is the sole director of Classic Line.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, which would have to be recorded in the register required to be kept by the Company, or pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, which would have to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at 31 December 2016, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the Shares

Name	Capacity/nature	Number of Shares held	Approximate percentage of shareholding
Classic Line (Note 1)	Beneficial owner	720,000,000	56.25%
Good Vision Limited (Note 2)	Beneficial owner	144,000,000	11.25%
Hong Kong Tang Palace Food & Beverage Group Company Limited (Note 2)	Interest of a controlled corporation	144,000,000	11.25%
Tang Palace (China) Holdings Limited (Note 3)	Interest of a controlled corporation	144,000,000	11.25%

Notes:

1. Mr. Liu Chi Ching beneficially owns the entire issued share capital of Classic Line. Therefore, Mr. Liu Chi Ching is deemed or taken to be interested in all the Shares held by Classic Line for the purpose of the SFO. Mr. Liu Chi Ching is the sole Director of Classic Line.
2. Hong Kong Tang Palace Food & Beverage Group Company Limited ("**Tang Palace**") owns the entire issued share capital of Good Vision Limited. Therefore, Tang Palace is deemed or taken to be interested in all the Shares held by Good Vision Limited for the purpose of the SFO. Mr. Chan Man Wai is the sole director of Good Vision Limited.
3. Tang Palace (China) Holdings Limited (Stock Code: 1181), a company listed on the Main Board of the Stock Exchange, beneficially owns the entire issued share capital of Tang Palace. Therefore, Tang Palace (China) Holdings Limited is deemed, or taken to be, interested in all the Shares in which Tang Palace is interested for the purpose of the SFO.

Save as disclosed above, as at 31 December 2016, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information – Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures" above, had any interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 nine months ended 31 December 2016.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholder or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the nine months ended 31 December 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors from the Listing Date up to the date of this report.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Company has adopted a Share Option Scheme on 26 September 2016. Further details of the Share Option Scheme are set in the section headed "Statutory and General Information – D. Share option scheme" in Appendix V to the Prospectus.

For the nine months ended 31 December 2016, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 September 2016, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**") and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

The Company was listed on GEM on 13 October 2016. To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code from the Listing Date up to the date of this report.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors and is chaired by Mr. Ng Ki Man. The other members are Ms. Li On Lei and Mr. Lo Siu Kit.

The primary duties of the audit committee are to review and supervise the financial information and reporting process, internal control procedures and risk management system of the Group.

The audit committee has reviewed the unaudited condensed consolidated financial statements and the results for the nine months ended 31 December 2016 with the management and is of the view that such results comply with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 February 2017

As at the date of this report, 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.