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Goal Rise Logistics (China) Holdings Limited
健升物流(中國)控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8457)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE 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 the GEM are generally small and mid-sized companies, there is a risk that securities traded on the 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 the GEM.

*This announcement, for which the directors (the "**Directors**") of Goal Rise Logistics (China) 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 of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the "**Group**"). 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.*

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2017, together with the comparative audited figures for the year ended 31 December 2016. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

		2017	2016
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**192,075**	153,975
Other income, gain and losses		**160**	644
Employee benefits expenses		**(63,715)**	(56,826)
Sub-contracting expenses		**(58,679)**	(35,788)
Operating lease rentals		**(19,497)**	(18,524)
Depreciation of property, plant and equipment		**(3,900)**	(4,193)
Interest expense on bank borrowings		**(1,223)**	(719)
Listing expenses		**(11,286)**	(2,749)
Other expenses		**(20,655)**	(15,935)
Profit before taxation		**13,280**	19,885
Income tax expenses	*5*	**(6,342)**	(5,778)
Profit for the year	*6*	**6,938**	14,107
Profit and total comprehensive income for the year attributable to:			
— owners of the Company		**6,938**	5,697
— non-controlling interests		**–**	8,410
		6,938	14,107
Earnings per share			
— Basic, RMB cents	*7*	**1.08**	0.95
— Diluted, RMB cents		**1.08**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	**2017** **RMB'000**	2016 RMB'000
Non-current assets			
Property, plant and equipment		**7,084**	9,620
Rental deposits		**3,302**	3,081
		10,386	12,701
Current assets			
Trade and other receivables	*8*	**68,297**	44,998
Amount due from a related party		**1,726**	–
Bank balances and cash		**45,114**	26,800
		115,137	71,798
Current liabilities			
Trade and other payables and accrued expenses	*9*	**23,973**	20,706
Amounts due to related parties		**646**	20,000
Bank borrowings		**–**	16,000
Tax payable		**6,299**	4,745
		30,918	61,451
Net current assets		**84,219**	10,347
NET ASSETS		**94,605**	23,048
CAPITAL AND RESERVES			
Share capital	*10*	**6,761**	–
Reserves		**87,844**	23,048
TOTAL EQUITY		**94,605**	23,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL AND BASIS OF PREPARATION

Goal Rise Logistics (China) Holdings Limited (the "**Company**") was incorporated on 22 November 2016 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office address is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and principal place of business registered in Hong Kong is Room E, 10/F Full Win Commercial Centre, 573 Nathan Road, Kowloon, Hong Kong. The headquarters and principal place of business of the Group is at Units 1301 and 1302, 13/F, Citic Plaza, No. 233, Tianhe Road North, Guangzhou, the People's Republic of China (the "**PRC**").

In preparing for the initial listing of the shares of the Company on the GEM of the Stock Exchange, the companies now comprising the Group underwent a group reorganisation (the "**Reorganisation**") to rationalise the group structure. Pursuant to the Reorganisation, the Company became the holding company of the Group on 29 December 2016. Details of the Reorganisation are more fully explained in the section headed "History, Reorganisation and Corporate Structure" of the prospectus of the Company dated 29 September 2017 (the "**Prospectus**"). The Group resulting from the Reorganisation is regarded as a continuing entity.

The consolidated financial statements of the Group for the year ended 31 December 2016 have been prepared on the basis as if the Company had always been the holding company of the Group and the current group structure has been in existence throughout the year ended 31 December 2016.

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of logistics services. The consolidated financial statements are presented in Renminbi ("**RMB**"), which is same as the functional currency of the Company.

The shares of the Company have been listed on the GEM of the Stock Exchange ("**Listing**") since 18 October 2017 ("**Listing Date**").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the accounting periods beginning on 1 January 2017 for both current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and its related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement" ("**HKAS 39**"). The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on the initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, no material accumulated amount of impairment loss would have to be recognised by the Group as at 1 January 2018.

HKFRS 15 "Revenue from Contracts with Customers" and its related amendments

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarification to HKFRS 15 in relation to the identification of performance obligation, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" ("**HKAS 17**") and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion, both of which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB69,974,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of RMB3,302,000 and refundable rental deposits received of RMB617,000 as at 31 December 2017 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets. Accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

3. REVENUE

	2017	2016
	RMB'000	*RMB'000*
Transportation service income	**89,319**	55,358
Warehousing service income	**41,759**	37,251
In-plant logistics service income	**59,626**	59,271
Customisation service income	**1,371**	2,095
	192,075	153,975

4. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "**CODM**") of the Group, being the executive directors of the Company, who are also the directors of the operating subsidiary, for the purpose of resource allocation and performance assessment.

The CODM regularly reviews revenue and results analysis by (i) transportation service, (ii) warehousing service, (iii) in-plant logistics service; and (iv) customisation service.

The details of the Group's operating segments are as follow:

Transportation service	—	Provision of logistic services
Warehousing service	—	Provision of inventory storage and management services
In-plant logistics service	—	Provision of wide-range of in-house services at customers' manufacturing plants to integrate the production processes, which cover the management of the movements of (a) production materials and components and work-in-progress to the production lines within the manufacturing plants of the customers of the Group; and (b) finished goods out to the factory gates of the relevant customers
Customisation service	—	Provision of labelling services and bundling services

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2017

	Transportation service *RMB'000*	**Warehousing service** *RMB'000*	**In-plant logistics service** *RMB'000*	**Customisation service** *RMB'000*	**Total** *RMB'000*
Revenue					
External sales	**89,319**	**41,759**	**59,626**	**1,371**	**192,075**
Results					
Segment results	**17,878**	**7,334**	**14,106**	**629**	**39,947**
Listing expenses					**(11,286)**
Unallocated corporate income					**160**
Unallocated corporate expenses					**(15,541)**
Profit before taxation					**13,280**

For the year ended 31 December 2016

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Total *RMB'000*
Revenue					
External sales	55,358	37,251	59,271	2,095	153,975
Results					
Segment results	10,976	7,723	14,509	938	34,146
Listing expenses					(2,749)
Unallocated corporate income					644
Unallocated corporate expenses					(12,156)
Profit before taxation					19,885

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents profit earned from each segment without allocation of certain corporate income and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

No analysis of segment assets or liabilities is presented as they are not regularly provided to the CODM.

Other segment information

For the year ended 31 December 2017

	Transportation service *RMB'000*	**Warehousing service** *RMB'000*	**In-plant logistics service** *RMB'000*	**Customisation service** *RMB'000*	**Segment Total** *RMB'000*	**Corporate** *RMB'000*	**Consolidated** *RMB'000*
Amounts included in the measure of segment results:							
Depreciation of property, plant and equipment	**705**	**2,338**	**8**	**–**	**3,051**	**849**	**3,900**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**

For the year ended 31 December 2016

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Segment Total *RMB'000*	Corporate *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment results:							
Depreciation of property, plant and equipment	676	2,733	11	–	3,420	773	4,193
Loss on disposal of property, plant and equipment	–	–	–	–	–	1	1

Geographical information

The Group's revenue is all derived from operations in the PRC and the Group's non-current assets are located in the PRC by location of assets.

Information about major customers

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

	2017 *RMB'000*	2016 *RMB'000*
Customer A	**69,911**	60,505
Customer B	**48,256**	48,770
Customer C	**38,299**	N/A*
	156,466	109,275

Revenue from Customer A and B are generated from all of the transportation service, warehousing service, in-plant logistics service and customisation service segments, revenue from Customer C are solely generated from transportation service segment.

* Customer C did not contribute over 10% of the Group's total revenue for the year ended 31 December 2016.

5. INCOME TAX EXPENSES

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**") — current year	**6,342**	5,778

PRC EIT is calculated at 25% of the estimated assessable profit for both years.

6. PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration:		
— Fees	**67**	–
— Salaries and other allowances	**1,544**	1,388
— Retirement benefit scheme contributions	**84**	8
	1,695	1,396
Other staff salaries and allowances	**51,620**	48,549
Retirement benefit scheme contributions, excluding those of directors	**10,400**	6,881
Total employee benefits expenses	**63,715**	56,826
Fleet operating expenses	**5,765**	5,530
Auditor's remuneration		
— Audit services	**793**	–
— Non-audit services	**–**	223
(Gain) loss on disposal of property, plant and equipment	**(5)**	1
Bank interest income	**(121)**	(68)
Government subsidies *(Note)*	**(132)**	(500)
Exchange loss (gain)	**163**	(77)

Note: The government subsidies mainly represented the subsidies for early retirement of motor vehicles which do not comply with latest environmental regulatory requirement with no unfulfilled conditions attached before recognition.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**6,938**	5,697

	2017	2016
Number of shares:		
Number of shares for the purpose of basic and diluted (2016: basic) earnings per share *(in thousands)*	**641,096**	**600,000**

The calculation of diluted earnings per share for the year ended 31 December 2017 did not assume the exercise of the over-allotment options since the exercise price of those options was higher than the average market price of the Company's shares for 2017.

No diluted earnings per share was presented for the year ended 31 December 2016 as there was no potential ordinary share outstanding for 2016.

8. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**64,975**	42,398
Prepayments, deposits and other receivables	**3,322**	1,717
Deferred listing expenses	**–**	883
	68,297	44,998

The following is an aging analysis of trade receivables presented based on the invoice dates at the end of the reporting period.

	2017	2016
	RMB'000	*RMB'000*
Within 30 days	**32,016**	26,361
31–60 days	**15,178**	9,270
61–90 days	**16,727**	6,060
Over 90 days	**1,054**	707
	64,975	42,398

9. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**14,807**	8,776
Accrued employee benefits	**5,721**	5,887
Other payables and accrued expenses	**3,445**	2,956
Accrued listing expenses	**–**	3,087
	23,973	20,706

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2017	2016
	RMB'000	*RMB'000*
Within 30 days	**9,046**	6,471
31–60 days	**4,921**	2,137
61–90 days	**822**	37
Over 90 days	**18**	131
	14,807	8,776

10. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$
Issued and fully paid:		
At 22 November 2016 (date of incorporation), and at 31 December 2016	**10,000**	100
Issue of new shares	**599,990,000**	5,999,900
Issue of new shares upon listing *(note)*	**200,000,000**	2,000,000
At 31 December 2017	**800,000,000**	8,000,000

	2017	2016
	RMB'000	*RMB'000*
Shown in the consolidated statement of financial position	**6,761**	–

Note: On 18 October 2017, the shares of the Company were listed on the Stock Exchange. 200,000,000 ordinary shares by way of share offer at an offer price of HK$0.30 each have been issued to investors with gross proceeds of HK$60,000,000.

11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Group provides a wide range of logistics services to meet the needs of our customers' supply chains in the PRC, which include (i) transportation; (ii) warehousing; (iii) in-plant logistics; and (iv) customisation services (which consist mainly of labelling services and bundling services).

The scope of logistics services that we provide to each customer varies as different customers often require different kinds of services and expertise. We normally offer transportation services to our customers to deliver inventory (which includes production materials, components and finished goods) to their downstream clients, manufacturing plants and/or designated locations. We also offer warehousing services to our customers. We had six warehouses located in the Guangdong Province with an approximate total area of 68,000 square metres. Apart from the provision of traditional transportation and warehousing services, we also provide our customers with in-plant logistics services which cover the management of the movement of (i) production materials and components and work-in-progress to the production lines within their manufacturing plants; and (ii) finished goods out to their factory gate. Our range of services gives us a competitive advantage over other logistics service providers in the PRC which offer only a limited range of services.

Our business is built on a customer-oriented culture, and we focus on establishing relationships with reputable customers by providing flexible, reliable and timely logistics services. With our proven track record in the logistics industry, we have established a broad customer base comprising customers from various industries, including pharmaceutical, FMCG *(Note)*, packaging, health and beauty and other industries.

Note:

Fast-moving consumer goods, such as diapers, tissues and toothpaste

In addition, prior to the provision of logistics services, we will discuss with our customers in relation to (i) their delivery plan, which specifies the points of delivery and the delivery schedule; (ii) their warehousing plan, which includes storage requirements; and (iii) their other logistics plans, which include their shipping schedules and other specific logistics requirements, if any. Such information will be transmitted into our intelligent logistics management system for the advanced planning of the supply chain process and to ensure efficient flow of services. We believe our ability to plan logistics solutions in advance not only allows us to provide our customers with flexible logistics services, but also, in the long run, enhances our collaborations and relationship with our customers.

Our Directors believe that our ability to provide logistics services to our customers for over 20 years would not only enable us to generate stable revenue, but such relationship, can also demonstrate our ability to perform and complete logistics services to a high quality standard and build up our reputation in the logistics industry in the PRC.

Looking forward, we intend to expand and develop automated storage facilities and systems to improve the capacity and efficiency of our existing warehouses. We believe the installation of automated storage facilities and systems is crucial for maintaining our competitiveness and strengthening our position in the logistics industry in the PRC. At the first stage of automation, we target to finish upgrading one of our existing warehouses by the end of 31 December 2018.

Financial Review

Revenue

The revenue of the Group increased by approximately 24.7% from approximately RMB154.0 million for the year ended 31 December 2016 to approximately RMB192.1 million for the year ended 31 December 2017. The increase was mainly attributable to the increase in the transportation services during the year ended 31 December 2017.

Revenue generated from the transportation services increased by approximately 61.2% from approximately RMB55.4 million for the year ended 31 December 2016 to approximately RMB89.3 million for the year ended 31 December 2017. The increase of the transportation services was mainly attributable to the increase in the export sea freight forwarding agency services during the year ended 31 December 2017, which was mainly contributed by a new customer obtained during the year 2016.

Revenue generated from the warehousing services increased by approximately 12.1% from approximately RMB37.3 million for the year ended 31 December 2016 to approximately RMB41.8 million for the year ended 31 December 2017. The increase was primarily driven by the increase in orders from our customers.

Revenue generated from the in-plant logistics services remained relatively stable at approximately RMB59.3 million for the year ended 31 December 2016 and RMB59.6 million for the year ended 31 December 2017.

Revenue generated from the customisation services decreased by approximately 33.3% from approximately RMB2.1 million for the year ended 31 December 2016 to approximately RMB1.4 million for the year ended 31 December 2017. The decrease was mainly due to the drop in demand for our customisation services from our customers.

Employee benefits expenses

Employee benefits expenses primarily consisted of (i) wages and salaries; (ii) social security fund and insurance contribution; and (iii) other allowances and benefits. Our employee benefits expenses amounted to approximately RMB56.8 million and RMB63.7 million for the year ended 31 December 2016 and 31 December 2017, respectively. The increase in employee benefits expenses of RMB6.9 million over last year was primarily attributable to (i) the increase in the average monthly salary of our staff and workers and (ii) the increase in the overall benefits and the associated social security fund and insurance contribution. Our Group had a total of 872 and 857 full-time employees as at 31 December 2016 and 31 December 2017, respectively.

Sub-contracting expenses

Sub-contracting expenses primarily represented the amount paid to our subcontractors for the provision of certain transportation services. Our sub-contracting expenses amounted to approximately RMB35.8 million and RMB58.7 million for the year ended 31 December 2016 and 31 December 2017, respectively. In general, the subcontractors charged us based on the price stated in the subcontracting agreements which specify the price for each type of services they provided. The increase of sub-contracting expenses was mainly attributable to the increase in the export sea freight forwarding agency services during the year ended 31 December 2017, for which we assisted our customers to obtain cargo space from shipping companies or shipping agents that meet the customers' requirements through outsourcing to independent subcontractors.

Other expenses

Other expenses mainly include (i) fleet vehicles operating expense which mainly includes the fuel costs and maintenance expenses of our fleet vehicles; (ii) utilities expense which mainly includes the water and electricity expenses; (iii) office and telephone expense which mainly includes the general office expenses and long-distance calling fees; (iv) insurance expenses for the warehouses and transportations; (v) entertainment and travelling expenses for business soliciting; and (vi) others which mainly include maintenance expenses for the warehouses, professional fee and other miscellaneous expenses. Our other expenses amounted to approximately RMB15.9 million and RMB20.7 million for the year ended 31 December 2016 and 31 December 2017, respectively. The increase in other expenses of RMB4.8 million over last year was primarily attributable to the increase in (i) the utilities expense; (ii) the fleet vehicles operating expense; and (iii) the general corporate and other administrative expenses incurred as a result of the Listing.

Profit for the year

Our profit for the year amounted to approximately RMB14.1 million and RMB6.9 million for the year ended 31 December 2016 and 31 December 2017 respectively. The decrease was mainly due to recognition of the non-recurring listing expenses of approximately RMB11.3 million for the year ended 31 December 2017 (year ended 31 December 2016: RMB2.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations. As at 31 December 2017, the Group had net current assets of approximately RMB84.2 million (2016: approximately RMB10.3 million) and cash and cash equivalents of approximately RMB45.1 million as at 31 December 2017 (2016: approximately RMB26.8 million). The Directors confirm that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

As at 31 December 2017, the gearing ratio (calculated on the basis of total bank and other borrowings divided by total equity at the end of the year) of the Group was zero (2016: 0.69). The decrease of gearing ratio was attributable to the repayment of bank borrowings of RMB16.0 million during the year ended 31 December 2017.

FOREIGN CURRENCY RISK

A subsidiary of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2016, our bank borrowings of RMB16.0 million were secured by (i) pledge of properties and land use rights held by certain Directors and/or their family members; and (ii) the personal guarantee of Mr. Li Jianxin (an Executive Director of the Company) and his spouse. These bank borrowings had been fully repaid during the year ended 31 December 2017 and the securities were released before the Listing.

CONTINGENT LIABILITIES

Our Group did not have any significant contingent liabilities as at 31 December 2016 and 2017.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had a total capital commitment of approximately RMB0.7 million (2016: nil), representing capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Pursuant to the Reorganisation, the Company became the holding company of the Group formed after completion of the Reorganisation. Details of the Reorganisation are more fully explained in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

Save as aforesaid, during the year ended 31 December 2017, the Group had no material acquisition and disposal of subsidiaries.

CAPITAL STRUCTURE

The Company's shares were successfully listed on the GEM on 18 October 2017. There has been no change in the Company's capital structure since 18 October 2017. The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents, and equity attributable to the owners of the Company, comprising issued share capital, various reserves and retained profits. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt and redemption of existing debt.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed 857 (31 December 2016: 872) full time employees. We determine the employee's remuneration based on factors such as qualification, duty, contributions, years of experience, the prevailing market conditions and the Company's remuneration policy. Employees' benefits include contributions to retirement scheme.

USE OF PROCEEDS

The net proceeds from the offering of the shares of the Company by way of share offer (the "**Share Offer**"), net of underwriting commission and relevant expenses, amounted to approximately HK$38.8 million.

The actual use of proceeds since Listing are as follows:

	Planned use of proceeds stated in the Prospectus since Listing to 31 December 2019 *HK$'million*	**Actual use of proceeds since Listing to 31 December 2017** *HK$'million*
Upgrading warehouses by installing automated storage facilities and systems	18.0	–
Expanding existing in-plant logistics business in the North China and East China regions	6.0	–
Expanding vehicle fleet	4.0	–
Enhancing sales and marketing effort	4.0	–
Repaying the bank loans	4.0	4.0
General working capital	2.8	2.8
	38.8	6.8

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 31 December 2017, approximately HK$6.8 million out of the net proceeds from the Listing had been used. The unused net proceeds have been deposited in licensed banks.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 December 2017, the Group did not make any significant investments.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme adopted on 26 September 2017, during the year, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. As at 31 December 2017, none of the Directors or chief executives of the Company held any share options of the Company.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the date of this announcement, the interests or short positions of the Directors and the chief executive 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 (the "**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 they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in the shares of the Company

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Li Jianxin ("**Mr. Li JX**") *(Note)*	Interest in a controlled corporation; interest held jointly with another person	303,300,000 Ordinary Shares	37.91%
Mr. Li Jianming ("**Mr. Li JM**") *(Note)*	Interest in a controlled corporation; interest held jointly with another person	303,300,000 Ordinary Shares	37.91%

Note:

Goal Rise Profits Limited ("**Goal Rise**") is the registered and beneficial owner holding approximately 37.91% of the issued shares of the Company. The issued share capital of Goal Rise is owned as to 80% by Mr. Li JX and 20% by Mr. Li JM. By virtue of acting in concert arrangement between Mr. Li JX and Mr. Li JM which is confirmed and documented in the Concert Parties Confirmatory Deed, each of Mr. Li JX and Mr. Li JM is deemed to be interested in the entire shareholding interests of Goal Rise in the Company under the SFO.

Save as disclosed above, as at the date of this announcement, none of the Directors and the chief executive of the Company or their associates (as defined in the GEM Listing Rules) had any interests and short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the date of this announcement, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under section 336 of the SFO; or who is 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:

Name of shareholders	Capacity	Number and class of securities	Approximate percentage of shareholding
Goal Rise	Beneficial owner	303,300,000 Ordinary Shares	37.91%
Ms. Chen Ruihua ("**Ms. Chen**") *(Note 1)*	Interest of spouse	303,300,000 Ordinary Shares	37.91%
Ms. Wu Xiaojie ("**Ms. Wu**") *(Note 2)*	Interest of spouse	303,300,000 Ordinary Shares	37.91%

Name of shareholders	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Lee Seo Thin Patrick ("**Mr. Lee**") *(Note 3)*	Interest in a controlled corporation	54,000,000 Ordinary Shares	6.75%
Junliet Profits Limited ("**Junliet Profits**") *(Note 3)*	Beneficial owner	54,000,000 Ordinary Shares	6.75%
Mr. Zhu Zhijian ("**Mr. Zhu**") *(Note 4)*	Interest in a controlled corporation	206,700,000 Ordinary Shares	25.84%
Portree Wealth Limited ("**Portree Wealth**") *(Note 4)*	Beneficial owner	206,700,000 Ordinary Shares	25.84%

Notes:

1. Ms. Chen is the spouse of Mr. Li JX and is deemed, or taken to be, interested in the entire shareholding interests of Goal Rise in the Company under the SFO.

2. Ms. Wu is the spouse of Mr. Li JM and is deemed, or taken to be, interested in the entire shareholding interests of Goal Rise in the Company under the SFO.

3. Junliet Profits is the registered owner holding approximately 6.75% of the issued shares in the Company. The entire issued share capital of Junliet Profits is owned by Mr. Lee. Under the SFO, Mr. Lee is deemed to be interested in all the shares registered under the name of Junliet Profits.

4. Portree Wealth is the registered owner holding approximately 25.84% of the issued shares in the Company. The entire issued share capital of Portree Wealth is owned by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in all the shares registered under the name of Portree Wealth.

All the interests disclosed above represent long positions in the shares and underlying shares of the Company.

Save as disclosed above, as at the date of this announcement, the Directors are not aware of any other person, other than Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under section 336 of the SFO; or who is 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 options in respect of such share capital.

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

Save for the Share Offer, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders of the Company. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules and the associated GEM Listing Rules (the "**CG Code**").

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the period from the Listing Date to the date of this announcement.

COMPETING INTERESTS

For the year ended 31 December 2017, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

COMPLIANCE ADVISER'S INTERESTS

As at 31 December 2017 and up to the date of this announcement, save for the compliance adviser agreement entered into between the Company and CLC International Limited ("**CLC**") on 28 September 2017, neither CLC, the compliance adviser of the Company, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Code**"). The Company has made specific inquiry with all the Directors, and has not been notified of any non-compliance with the required standard of dealings and the Code by the Directors during the period from the Listing Date to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any important events affecting the Group, which have occurred subsequent to 31 December 2017 and up to the date of this announcement.

OTHER INFORMATION

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") on 26 September 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management procedures of the Group. The Group's audited consolidated financial statements for the year ended 31 December 2017 have been reviewed by the Audit Committee. The Audit Committee comprises three Independent Non-executive Directors, namely, Dr. Wan Ho Yuen, Terence, Dr. Wu Ka Chee, Davy and Mr. Shao Wei. Dr. Wan Ho Yuen, Terence is the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on Wednesday, 23 May 2018. A notice convening the AGM will be published in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 17 May 2018 to Wednesday, 23 May 2018, both days inclusive during which no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 16 May 2018.

By order of the Board
Goal Rise Logistics (China) Holdings Limited
Li Jianxin
Chairman

Hong Kong, 14 March 2018

As at the date of this announcement, the Executive Directors are Mr. Li Jianxin and Mr. Li Jianming; and the Independent Non-executive Directors are Dr. Wan Ho Yuen Terence, Dr. Wu Ka Chee Davy and Mr. Shao Wei.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at http://www.goalrise-china.com.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.