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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 on GEM: 8240)**

**(Stock Code on Main Board: 1854)**

### **TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

#### **Joint Sponsors**

**FRONTPAGE 富比**



Reference is made to the announcement of the Company dated 15 August 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Listing Rules.

On 15 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 1,280,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board. Such application was lapsed on 14 February 2019 and renewed on 19 February 2019.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 11 March 2019. The last day of dealings in the Shares on GEM will be 20 March 2019. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 21 March 2019. The Shares will be traded on the Main Board under the new stock code 1854.

All pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

## **TRANSFER OF THE LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD**

Reference is made to the announcement of the Company dated 15 August 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Listing Rules.

On 15 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 1,280,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board. Such application was lapsed on 14 February 2019 and renewed on 19 February 2019.

The Board is pleased to announce that the Stock Exchange has granted its approval in-principle on 11 March 2019 for the Shares to be listed on the Main Board and delisted from GEM according to Appendix 28 paragraph 10(7) of the Listing Rules.

The Board confirms that all pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

## **REASONS FOR THE TRANSFER OF LISTING**

The Company has been listed on GEM since 13 October 2016. The Group is a food ingredients supplier with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. Further details of the principal activities of the Group are set forth in the paragraph headed “Summary of the Group’s business” in this announcement.

The Directors are of the view that listing on GEM has helped the Group to gain public recognition and profile. After the GEM Listing, the Group has achieved business growth with increasing revenue and profit. The Directors consider that the Main Board is perceived to enjoy a premier status by investors which could result in a larger investor base and higher trading liquidity of the Shares and further promote the Company’s corporate profile and recognition among public investors. Also, the Transfer of Listing will strengthen the Group’s position in the industry and enhance the Group’s competitive strengths in retaining and attracting staff and customers. Therefore, the Directors are of the view that the Transfer

of Listing will be beneficial to the future growth, financing flexibility and business development of the Group which will create a long-term value to the Shareholders.

As at the date of this announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by the Company.

## **DEALINGS IN THE SHARES ON THE MAIN BOARD**

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 13 October 2016, the date on which the Shares were listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8240) will be 20 March 2019. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 21 March 2019. The Shares will be traded on the Main Board under the new stock code “1854” following the Transfer of Listing.

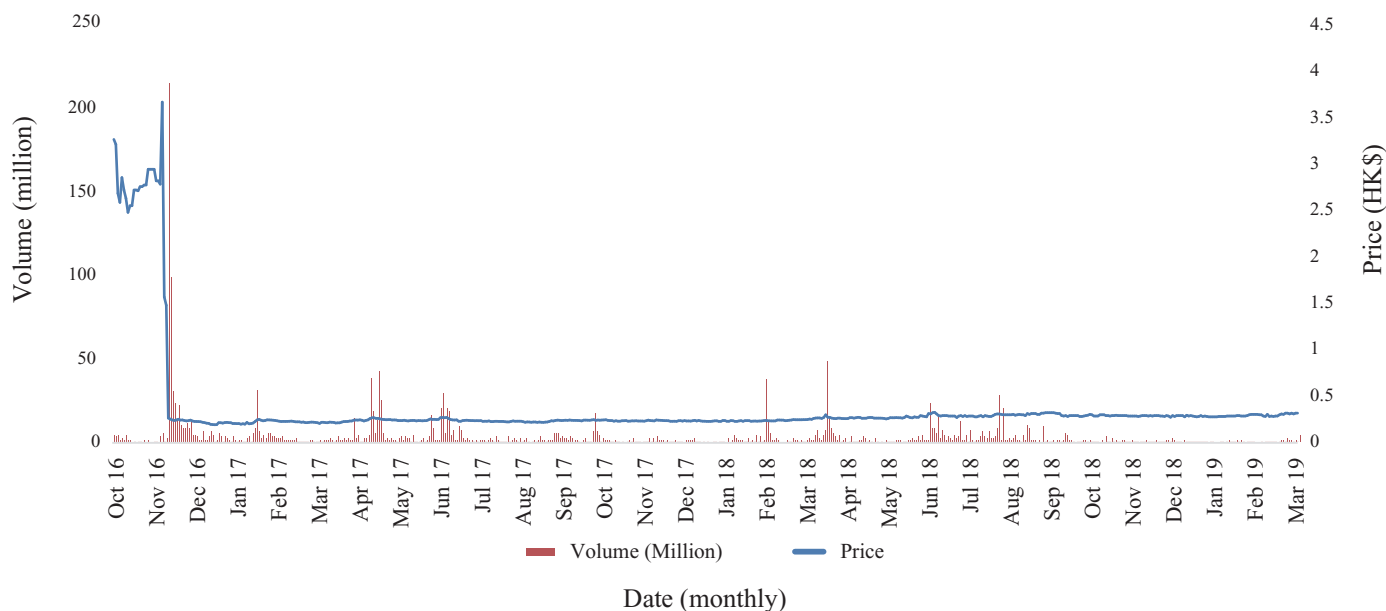
The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Estera Trust (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

## **SHARE PRICE VOLATILITY**

The Shares have been listed on GEM by way of placing since 13 October 2016. The placing price was HK\$0.225 per Share. The highest closing price and lowest closing price at which the Shares have been traded on GEM since 13 October 2016 and up to 5 March 2019 was HK\$4.05 per share (17 November 2016) and HK\$0.160 per share (23 December 2016), respectively. During the aforesaid period, the price per Share had risen for a maximum of approximately 1,700.0% (by comparing the placing price and the highest closing price) and fallen for a maximum of approximately 96.0% (by comparing the highest closing price and the lowest closing price).

The Shares experienced a sudden price drop of approximately 85.0% and a substantial increase in trading volume by approximately 98.4 times on 22 November 2016. Having made reasonable enquiries, the Board confirmed that it was not aware of any reasons for the price or trading volume movements or of any information that had to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following chart sets forth the volatility of the price and trading volume of the Shares since the Shares have been listed on the GEM and up to 5 March 2019.



The Board noted that the price of the Shares has been volatile and may continue to be volatile. **Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

## SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 26 September 2016 pursuant to which the Company may grant options to individuals including employee, director, adviser, consultant, service provider, agent, customer, contractor, supplier or business partner of the Company and any subsidiary to acquire shares of the Company. The Directors consider that the Share Option Scheme assists in attracting and retaining the best available personnel, to provide additional incentive to employees, directors, consultants, advisers, contractors, suppliers, agents, business partners and service providers of the Group and to promote the success of the business of the Group.

The Share Option Scheme will remain valid and effective following the Transfer of Listing and will be implemented in full compliance with the requirements under Chapter 17 of the Listing Rules.

Pursuant to the Share Option Scheme, the Company may grant options in respect of a total of 128,000,000 Shares during the remaining term of the Share Option Scheme. As at the date of this announcement, no option has been granted by the Company or outstanding under the Share Option Scheme. The listing of the Shares which may be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Listing Rules.

As at the date of this announcement, save for the options that may be granted under the Share Option Scheme, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue which will be transferred to the Main Board.

## **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 7 August 2018 to allot new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable law of the Cayman Islands to be held; and
- (c) the date on which the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

## **PUBLIC FLOAT**

The Directors confirm that not less than 25% of the total issued share capital of the Company is held by the public (as defined in the Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Listing Rules.

## **PUBLICATION OF RESULTS**

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Listing Rules which include publishing interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Listing Rules.

## **SUMMARY OF THE GROUP'S BUSINESS**

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 has more than 13 years of experience in conducting business of food processing and supply of vegetables, fruits and other food ingredients. Processed food ingredients supplied by the Group enable the customers to prepare dishes with less kitchen staff. On the other hand, the Group also procures, screens and sorts fruits, groceries and specialty food ingredients to customers in accordance with their requirements. According to the F&S Report, the Group ranked second among the vegetables and fruits supply services providers to the food service industry in Hong Kong, with an estimated market share of approximately 6.2% in terms of revenue in 2017.

The Group conducts operation and food processing procedures mainly at the factory in Shatin, New Territories. The Group owns different machinery and equipment for different procedures of food processing. The Group's acquired properties in Kwai Chung have been renovated and installed with food processing equipment and set up as a production factory which has commenced operation since January 2019. The Group also provides logistic services by delivering the food ingredients according to the specified time and locations designated by the customers. As at the Latest Practicable Date, the Group owns seven trucks for provision of its logistic services.

## **Business model**

The Group generates its revenue mainly by sourcing, processing and supplying food ingredients to food service operators in Hong Kong. The food ingredients provided by the Group are categorised into (i) vegetables; (ii) fruits; and (iii) other food ingredients. Set forth below are the products offered by the Group:

### ***Vegetables***

The Group offers a wide range of vegetables including (a) leafy vegetables; (b) melon and fruit type vegetables; (c) root and rhizome type vegetables; and (d) herbs, spices, mushrooms and others in accordance with various technical specifications given by the customers. The Group also offers a wide range of food processing procedures on the vegetables, such as peeling, slicing, dicing, cutting and packaging, as requested by the customers.

### ***Fruits***

The Group offers a wide range of fruits to the customers. The customers may require the Group to source seasonal fruits from local farms or overseas countries such as Japan and Australia, and they may set various specifications such as appearance, size, sweetness and the duration that the fruits can last.

### ***Other food ingredients***

As an additional service to the customers who order vegetables or fruits from the Group, the Group also assists the customers to source other food ingredients such as eggs, flour products, frozen or dried foods, packaged foods and other groceries.

The following tables set forth the revenue and sales volume by product types for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018:

Product type	Year ended 31 March 2016				Year ended 31 March 2017				Year ended 31 March 2018			
	Percentage of total revenue		Average sales selling price		Percentage of total revenue		Average sales selling price		Percentage of total revenue		Average sales selling price	
	Revenue		Sales volume		Revenue		Sales volume		Revenue		Sales volume	
	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>
Vegetables	139,610	84.0	9,832	14.2	139,880	84.1	9,418	14.9	144,998	82.0	9,766	14.8
Fruits	20,315	12.2	1,009	20.1	20,103	12.1	1,034	19.4	24,775	14.0	1,000	24.8
Other food ingredients	6,305	3.8	N/A	N/A	6,317	3.8	N/A	N/A	7,068	4.0	N/A	N/A
<b>Total</b>	<b>166,230</b>	<b>100.0</b>			<b>166,300</b>	<b>100.0</b>			<b>176,841</b>	<b>100.0</b>		

Product type	Nine months ended 31 December 2017				Nine months ended 31 December 2018			
	Percentage of total revenue		Average sales selling price		Percentage of total revenue		Average sales selling price	
	Revenue		Sales volume		Revenue		Sales volume	
	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>
Vegetables	107,796	78.6	7,312	14.7	109,150	78.7	7,142	15.3
Fruits	16,476	12.0	745	22.1	17,876	12.9	730	24.5
Other food ingredients	12,896	9.4	N/A	N/A	11,650	8.4	N/A	N/A
<b>Total</b>	<b>137,168</b>	<b>100.0</b>			<b>138,676</b>	<b>100.0</b>		

## Customers

During the years ended 31 March 2016, 2017 and 2018, the Group served 299, 317 and 325 customers with 725, 801 and 815 corresponding customer outlets, respectively. The Group's major customers are major food service operators and chain restaurant groups in Hong Kong.

For the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018, the percentage of the Group's revenue attributable to the Group's largest customer was 12.5%, 12.2%, 11.0% and 9.0% respectively, while the percentage of the Group's total revenue attributable to the five largest customers in aggregate was 40.0%, 39.8%, 41.4% and 38.8% respectively.

The details of the Group's top five customers for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 and their background information are set out in the tables below:

*For the year ended 31 March 2016*

Rank	Customer	Approximate years of relationship with the Group as at the Latest Practicable Date	Typical credit term offered to the customer	Payment method	Revenue (HK\$'000)	As a percentage of total revenue (%)
1.	Customer A	9	30 days	Cheque	20,768	12.5
2.	Customer B	9	50 days	Electronic funds transfer	16,808	10.1
3.	Customer C	5	30 to 45 days	Cheque	10,139	6.1
4.	Customer D	6	30 days	Electronic funds transfer	9,432	5.7
5.	Customer E	9	30 to 40 days	Cheque	9,320	5.6
					<u>66,467</u>	<u>40.0</u>



*For the year ended 31 March 2017*

<b>Rank</b>	<b>Customer</b>	<b>Approximate years of relationship with the Group as at the Latest Practicable Date</b>	<b>Typical credit term offered to the customer</b>	<b>Payment method</b>	<b>Revenue (HK\$'000)</b>	<b>As a percentage of total revenue (%)</b>
1.	Customer B	9	50 days	Electronic funds transfer	20,213	12.2
2.	Customer A	9	30 days	Cheque	18,491	11.1
3.	Customer E	9	30 to 40 days	Cheque	9,802	5.9
4.	Customer D	6	30 days	Electronic funds transfer	9,006	5.4
5.	Customer C	5	30 to 45 days	Cheque	8,675	5.2
					<u>66,187</u>	<u>39.8</u>

*For the year ended 31 March 2018*

<b>Rank</b>	<b>Customer</b>	<b>Approximate years of relationship with the Group as at the Latest Practicable Date</b>	<b>Typical credit term offered to the customer</b>	<b>Payment method</b>	<b>Revenue (HK\$'000)</b>	<b>As a percentage of total revenue (%)</b>
1.	Customer A	9	30 days	Cheque	19,394	11.0
2.	Customer B	9	50 days	Electronic funds transfer	19,039	10.8
3.	Customer C	5	30 to 45 days	Cheque	12,140	6.9
4.	Customer D	6	30 days	Electronic funds transfer	11,745	6.6
5.	Customer E	9	30 to 40 days	Cheque	10,844	6.1
					<u>73,162</u>	<u>41.4</u>

For the nine months ended 31 December 2018

Rank	Customer	Approximate years of relationship with the Group as at the		Payment method	Revenue (HK\$'000)	As a percentage of total revenue (%)
		Latest Practicable Date	Typical credit term offered to the customer			
1.	Customer A	9	30 days	Cheque	12,522	9.0
2.	Customer F	2	120 days	Electronic funds transfer	12,019	8.7
3.	Customer B	9	50 to 90 days	Electronic funds transfer	10,324	7.5
4.	Customer D	6	30 days	Electronic funds transfer	9,602	6.9
5.	Customer C	5	30 to 45 days	Cheque	9,306	6.7
					53,773	38.8
					53,773	38.8

Notes:

- Customer A manages approximately 28 restaurants with over 20 food and beverage brands in Hong Kong.
- Customer B provides catering services to a large network of offices, government departments, schools, hospitals and factories. It is a subsidiary of a company listed on the London Stock Exchange.
- Customer C is a full service multi-brand restaurant group with approximately 35 restaurants in Hong Kong. It is a subsidiary of a company listed on the Main Board.
- Customer D is one of the largest food and beverage chain restaurant groups in Hong Kong, operating over 180 restaurants with 9 food and beverage brands in Hong Kong, Macau and China.
- Customer E is a Chinese full-service restaurant group operating approximately 9 Chinese cuisine restaurants with 4 food and beverage brands in Hong Kong.
- Customer F is a Chinese full-service restaurant group operating approximately 10 restaurants with 5 brands in Hong Kong, Macau and Shanghai. It is a subsidiary of a company listed on GEM.

None of the Directors or their respective close associates or the Shareholders (who or which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) has any interest in the top five customers of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 as at the date of this announcement.

### **Sales, marketing and customer services**

Ms. Wu, the executive Director and Chief Executive Officer, heads the Group's sales and customer service department which carries out marketing activities in order to promote the Group's provision and processing of food ingredients. The staff from the sales and customer service department pay visits to existing and potential clients and provide after-sales consultation in efforts to market the Group's services and products. The Group also maintains independent marketing companies and engages sales representatives to take up the Group's sales and marketing activities.

The Group offers after sales services, including (i) gathering feedback from customers about the Group's products and services to ensure quality of food ingredients and continuous improvement of the Group's operations; (ii) handling queries from existing and potential customers about the Group's products and services to ensure that the Group will be able to capture potential business opportunities; (iii) collecting market information to ensure development and growth of the Group's business in response to market and/or industry trends; and (iv) providing assistance to customers in response to their claims to ensure highest customer satisfaction. The Group has also set up a 24-hour customer hotline for orders, feedback, queries and complaints. Further, the Group accepts returns or exchanges for any defective food ingredient or any food ingredient that had been damaged or rotten on acceptance by the customer, after examination and upon approval of the sales and customer service department. As confirmed by the Directors, the Group has not received any material returns or exchanges for any defective or damaged food ingredients for the three years ended 31 March 2018 and up to the Latest Practicable Date.

### **Suppliers**

The Group sources the raw food materials, groceries, fruits or ingredients from suitable suppliers. The Group selects suppliers based on their product quality, price, background, credibility, reputation, quality of service, scale of production and ability to meet the Group's specified delivery schedule and requests. The Group maintains stable and good relationships with suppliers.

For the years ended 31 March 2016, 2017, 2018 and the nine months ended 31 December 2018, the percentage of the total purchases attributable to the Group's top supplier amounted to 56.6%, 55.9%, 49.2% and 42.8% respectively, while the percentage of the total purchases attributable to the Group's top five suppliers combined amounted to 74.0%, 70.7%, 65.2% and 67.0% respectively.

The details of the Group's top five suppliers for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 and their background information are set out in the tables below:

*For the year ended 31 March 2016*

Rank	Supplier	Principal business	Location	Type of products purchased by the Group	Approximate years of relationship with the Group as at the Latest Practicable Date	Typical credit term offered by the suppliers	Payment method	Total purchases (HK\$'000)	As a percentage of total purchases (%)
1.	Supplier A	Wholesaler of vegetables	Shenzhen	Vegetables	5	120 days	Cheque	62,836	56.6
2.	Supplier B	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	13	10 days	Cheque	7,822	7.1
3.	Supplier C	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	9	15 days	Cheque	3,996	3.6
4.	Supplier D	Wholesaler of bean products	Hong Kong	Bean products	9	60 days	Cheque	3,907	3.5
5.	Supplier E	Wholesaler of lemons and eggs	Hong Kong	Lemons and eggs	13	15 days	Cheque	3,587	3.2
								82,148	74.0

*For the year ended 31 March 2017*

Rank	Supplier	Principal business	Location	Type of products purchased by the Group	Approximate years of relationship with the Group as at the Latest Practicable Date	Typical credit term offered by the suppliers	Payment method	Total purchases (HK\$'000)	As a percentage of total purchases (%)
1.	Supplier A	Wholesaler of vegetables	Shenzhen	Vegetables	5	120 days	Cheque	55,597	55.9
2.	Supplier B	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	13	10 days	Cheque	4,946	5.0
3.	Supplier D	Wholesaler of bean products	Hong Kong	Bean products	9	60 days	Cheque	3,357	3.4
4.	Supplier C	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	9	15 days	Cheque	3,230	3.2
5.	Supplier E	Wholesaler of lemons and eggs	Hong Kong	Lemons and eggs	13	15 days	Cheque	3,183	3.2
								70,313	70.7

*For the year ended 31 March 2018*

Rank	Supplier	Principal business	Location	Type of products purchased by the Group	Approximate years of relationship with the Group as at the Latest Practicable Date	Typical credit term offered by the suppliers	Payment method	Total purchases (HK\$'000)	As a percentage of total purchases (%)
1.	Supplier A	Wholesaler of vegetables	Shenzhen	Vegetables	5	120 days	Cheque	48,591	49.2
2.	Supplier B	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	13	10 days	Cheque	5,672	5.7
3.	Supplier F	Wholesaler of fruits	Hong Kong	Fruits	12	60 days	Cheque	3,707	3.7
4.	Supplier D	Wholesaler of bean products	Hong Kong	Bean products	9	60 days	Cheque	3,431	3.5
5.	Supplier G	Wholesaler of vegetables	Hong Kong	Vegetables	1	15 days	Cheque	3,071	3.1
								64,472	65.2

*For the nine months ended 31 December 2018*

Rank	Supplier	Principal business	Location	Type of products purchased by the Group	Approximate years of relationship with the Group as at the Latest Practicable Date	Typical credit term offered by the suppliers	Payment method	Total purchases (HK\$'000)	As a percentage of total purchases (%)
1.	Supplier A	Wholesaler of vegetables	Shenzhen	Vegetables	5	60 days	Cheque	34,373	42.8
2.	Supplier H	Wholesaler of frozen food products	Hong Kong	Frozen food ingredients	11	15 days	Cheque	6,622	8.3
3.	Supplier G	Wholesaler of vegetables	Hong Kong	Vegetables	1	15 days	Cheque	6,609	8.2
4.	Supplier B	Wholesaler of vegetables and fruits	Hong Kong	Vegetables and fruits	13	10 days	Cheque	3,746	4.7
5.	Supplier D	Wholesaler of bean products	Hong Kong	Bean products	9	60 days	Cheque	2,437	3.0
								53,787	67.0

## Processing capacity and utilisation rate

For the years ended 31 March 2016, 2017 and 2018, the Group principally carried out its operation and food processing at the factory in Shatin, New Territories. The Group conducts processing planning primarily based on anticipated purchase order volumes and actual orders received. The Group reviews and adjusts its processing plans regularly to ensure all finished products can be delivered in accordance with customer demands and to avoid running out of processing capacity. The table below sets forth the processing capacity of the Group's production factory under operation and an analysis of the utilisation rate for the years ended 31 March 2016, 2017 and 2018:

	Year ended 31 March 2016			Year ended 31 March 2017			Year ended 31 March 2018		
	Estimated			Estimated			Estimated		
	annual			annual			annual		
	processing capacity (note 1) (tonne)	Processing volume (tonne)	Utilisation rate (note 2) (%)	processing capacity (note 1) (tonne)	Processing volume (tonne)	Utilisation rate (note 2) (%)	processing capacity (note 1) (tonne)	Processing volume (tonne)	Utilisation rate (note 2) (%)
<b>Vegetables</b>									
– Leafy vegetables	3,821	3,616	94.6	3,810	3,381	88.7	<b>3,810</b>	<b>3,541</b>	<b>92.9</b>
– Melon and fruit type vegetables	2,503	2,188	87.4	2,496	2,078	83.3	<b>2,496</b>	<b>2,119</b>	<b>84.9</b>
– Root and rhizome type vegetables	2,635	2,528	95.9	2,628	2,532	96.3	<b>2,628</b>	<b>2,578</b>	<b>98.1</b>
– Herbs, spices, mushrooms and others	1,581	1,500	94.9	1,577	1,427	90.5	<b>1,577</b>	<b>1,528</b>	<b>96.9</b>

### Notes:

1. Annual processing capacity is estimated by the daily processing capacity multiplied by the number of days of processing during the period indicated.
2. Utilisation rate is computed by dividing actual processing output by estimated processing capacity.

## BUSINESS OUTLOOK AND RECENT DEVELOPMENT

During the year ended 31 March 2018, the Group has acquired properties in Kwai Chung with an aggregate gross floor area of approximately 16,576 sq. ft. for the set-up of a new production factory (the “**Kwai Chung Factory**”). The acquisition of the Kwai Chung Factory constituted a major transaction for the Company pursuant to Rule 19.06 of the GEM Listing Rules and such acquisition was in accordance with the planned use of proceeds from the GEM Listing. The fitting-out and equipment installation works of the Kwai Chung Factory were completed and the Kwai Chung Factory has commenced full operation since January 2019. The production facilities and equipment in the Kwai Chung Factory are designed to enable a high degree of automation in order to enhance food processing efficiency while preserving the freshness and increasing shelf-lives of the food ingredients. Stringent quality controls will be in place to ensure compliance with food safety standards, including the ISO 22000 and HACCP standards.

The Directors are of the view that the completion and operation of the Kwai Chung Factory will set up the Group for a new stage of growth and substantially expand its capacity to accommodate the increasing demand from the customers. Aiming at tapping into markets with sufficient growth potential, the Kwai Chung Factory will also enable the Group to expand its service scope and products offering and ability to cooperate with reputable overseas food ingredients suppliers, by setting up a new production line to process cut fruits which are targeted to be offered to retail stores and supermarkets. Based on the latest production planning and negotiation with potential customers, during the initial set up stage, the Directors expect that the utilisation rate of the Kwai Chung Factory will be less than 10%, and the Kwai Chung Factory is expected to contribute approximately 1.5% of the total revenue of the Group for the year ending 31 March 2019. Upon full operation, the annual processing capacity of the Kwai Chung Factory is expected to be approximately 6,307 tonnes, representing approximately 60% of the annual processing capacity of the Group's current production factory at Shatin.

After the listing on GEM, the Group has used the net proceeds raised to acquire four trucks to improve the logistic capability in the face of growing business and to satisfy the demand of different customers. The Directors strive to improve the Group's value adding services in order to keep up good customer relations, stay competitive and achieve long term growth.

According to the F&S Report, the expenditure of Hong Kong food service operators on vegetables and fruits is expected to continue to grow at a CAGR of 4.2% from 2018 to 2022, driven by the increased awareness of nutrition and healthy lifestyle among the consumers, as well as the increasing demand for food processing services from the food service industry players to optimise their cost control by adding flexibility to their manpower. With the expansion in production capacity and the wider range of product offerings, the Directors believe that the Group is well positioned to capture the growing opportunities and expand its market share in the vegetables and fruits supply services market in Hong Kong.

## **INDUSTRY DEVELOPMENT**

### **Source of information**

The Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on Hong Kong vegetables and fruits supply services market for use in this announcement. Frost & Sullivan is a global consulting firm that offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this announcement is extracted from the F&S Report, a report commissioned by the Group for a fee of HK\$120,000, and is disclosed with the consent of Frost & Sullivan. The following is the extract of the F&S Report:

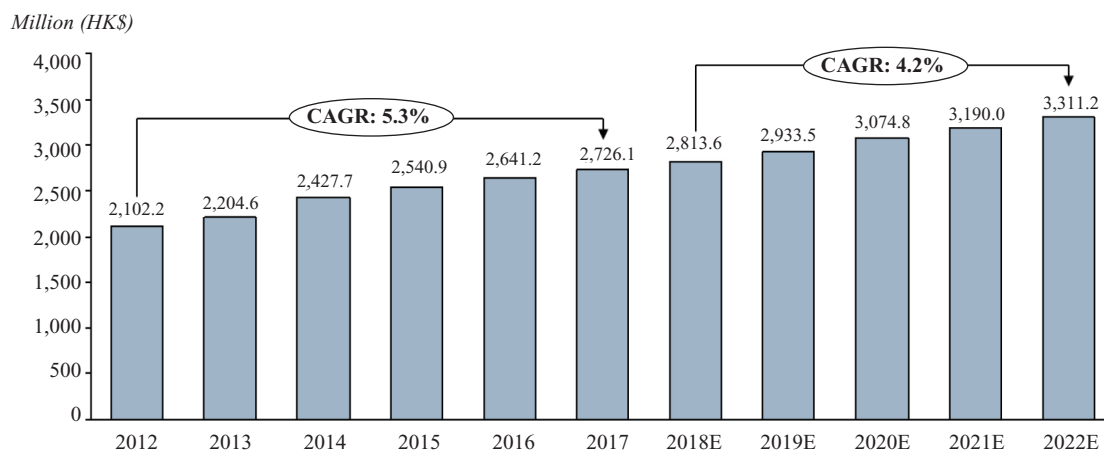
### **“Overview of the vegetables and fruits supply services market in Hong Kong**

Vegetables and fruits supply services market generally refers to the supply of vegetables and fruits to the end consumers or the food service operators. The products are usually delivered directly to the end consumers or the food service operators on time in order to ensure the freshness of the products. Apart from the logistics involved in the supply of vegetables and fruits, service providers usually engage in certain value-added processing services as well, such as washing, pruning, dicing and packaging of fresh products. With the provision of such value-added services, extra convenience is provided by the suppliers to downstream players, especially for those engaging in the food catering services. The demand for vegetables and fruits is closely related to the development of food service industry in Hong Kong, as the fresh products act as one of the major ingredients for cuisines preparations.

## Market size of the vegetables and fruits supply services market in Hong Kong

During the period of 2012 to 2017, the amount that Hong Kong food service operators spent on vegetables and fruits has demonstrated a steady and positive growth. Mainly driven by the increasing awareness of healthy lifestyle and supported by a moderate growth in the food service industry in Hong Kong, the expenditure of food service operators on vegetables and fruits has grown from approximately HK\$2,102.2 million in 2012 to approximately HK\$2,726.1 million in 2017, representing a CAGR of 5.3%. With more vegetarians and healthier options being provided in the restaurants over the recent years, the expenditure of Hong Kong food service operators on vegetables and fruits is expected to grow at a CAGR of 4.2%, reaching approximately HK\$3,311.2 million by the end of 2022.

### Expenditure of food service operators on vegetables and fruits (Hong Kong), 2012-2022E



Source: Frost & Sullivan

## Market drivers of the vegetables and fruits supply services market in Hong Kong

### *Increased awareness of nutrition and healthy lifestyle*

Consumers are becoming more conscious about their health and the awareness of balanced nutrition has risen significantly over the past decade. According to Frost & Sullivan, there were more than 200 vegetarian restaurants in 2017, nearly a double of that in 2012. With the drastic increase in the number of restaurants which provide vegetarian menus to consumers, the demand for vegetables and fruits from food service industry has increased accordingly. It is expected that more Hong Kong residents will pursue a healthier living style by means of adopting a balanced diet and more restaurants will provide vegan or more nutrition-balanced options to consumers, which further drives the growth in the vegetables and fruits supply services market in Hong Kong.

### *Cost control in downstream food service industry*

In order to enhance the overall production efficiency and achieve specialisation of labour by better segmentation of work tasks, more food service industry players are now reducing the labour usage for processing their raw materials, especially dicing, pruning vegetables and fruits which are low-skilled but time consuming. Therefore, the food service industry players nowadays tend to prefer raw materials suppliers which are able to provide processing services upon the delivery of food ingredients. With such services provided, the food service industry players may enjoy competitive advantages over their competitors as they are able to optimise their cost control by adding flexibility to their manpower. As a result, it is expected that the demand for vegetables and fruits supply services will increase as they have provided extra convenience to their downstream plays, i.e. food service industry.



## **Market constraints of the vegetables and fruits supply services market in Hong Kong**

### ***Increase in business operational costs***

The major business operational costs, including rental cost, labour cost and even raw materials cost, have shown a significant surge during the period of 2012 to 2017. As all business operational costs have followed a similar upward trend, if market players among the vegetables and fruits supply services market are unable to control their cost in an effective manner, they may become less competitive to their competitors and thus, business operational costs have been regarded as one of the key challenges to the market players.

### ***Steady and stable supply of raw materials***

As the supply of vegetables and fruits are highly susceptible to weather conditions of the origin, in case of adverse weather, the supply and the quality of vegetables and fruits may be unstable and cannot meet the demand from food service industry. The unstable supply may also induce high fluctuation in the import prices of commodities. It ultimately poses as a challenge to market players within the supply service market in Hong Kong. If market players are unable to formulate an effective pricing strategy, such as upholding bargaining power of customers, procuring their products from a diversified supplier base, and adapting to these frequent price movements, they may suffer from operational risks and revenue losses.

## **Competitive landscape of the vegetables and fruits supply services market in Hong Kong**

The vegetables and fruit supply services industry is considered to be highly fragmented. According to the Census and Statistics Department of Hong Kong, there were approximately 520 establishments with more than 1,780 people engaged in the wholesale of fresh fruits and vegetables sector in 2017.

In 2017, the estimated total revenue generated from vegetables and fruits supply services market to food service industry in Hong Kong was approximately HK\$2,726.1 million and the top three players have shared an aggregate market share of 16.6%. The Group, which has recorded revenue of approximately HK\$169.8 million from the sales of vegetables and fruits for the year ended 31 March 2018, ranked second among the vegetables and fruits supply services providers to the food service industry in Hong Kong, and accounted for an estimated market share of approximately 6.2% of vegetables and fruits supply services industry in terms of revenue in 2017.

Market players in the vegetables and fruits supply services market in Hong Kong generally compete in services and products quality via aspects such as provision of value-added services including processing services and delivery services, and quality and freshness of food supplied. With over 13 years of experience in supplying and processing food ingredients to food service operators, the Group has established an extensive supplier network, possesses necessary processing facilities and equipment, and is able to offer a wide variety of food ingredients to meet the customers' specific needs.”

## REGULATORY DEVELOPMENT

The Group is subject to the relevant Hong Kong laws and regulations in carrying on its operations, including but not limited to, the Food Business Regulations (Chapter 132X of the Laws of Hong Kong), Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong), Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong), Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong), Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), Occupier's Liability Ordinance (Chapter 314 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). For a summary of the abovementioned laws and regulations, please refer to the section headed "Regulatory Overview" in the prospectus of the Company dated 30 September 2016.

To the best knowledge of the Company, save as disclosed below, it is not aware of any recent regulatory changes to the laws and regulations above that may have a material impact on the Group's operations.

### **Food Adulteration (Metallic Contamination) Regulations (Chapter 132V of the Laws of Hong Kong)**

The Group's operations are also subject to the Food Adulteration (Metallic Contamination) Regulations (the "FA(MC)R"), a subsidiary legislation of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong). Regulation 3 of the FA(MC)R provides that no person shall import, consign, deliver, manufacture or sell, for human consumption:

- (a) any food of a description specified in Column B of the First Schedule which contains any metal specified opposite thereto in Column A of that Schedule unless such metal is naturally present in such food in a concentration not greater than that specified opposite thereto in Column C of that Schedule; or
- (b) any food of a description specified in Column B of the Second Schedule which contains any metal specified opposite thereto in Column A in greater concentration than is specified opposite thereto in Column C; or
- (c) any food containing any metal in such amount as to be dangerous or prejudicial to health.

The Food Adulteration (Metallic Contamination) (Amendment) Regulation 2018, has been published in gazette on 8 June 2018, to update and amend the standards for metallic contamination set out in the FA(MC)R. The amendments increase the number of regulated metallic contaminants from 7 to 14 and set out maximum levels for metallic contaminants in additional food and food groups increasing the existing 19 to 144. For certain fruits and vegetables, tighter controls have been imposed decreasing the maximum concentration of metallic contaminants permitted. The amendments will come into effect on 1 November 2019 with a transitional regime allowing for continued application of the old standard until 31 October 2020.

## LICENCES AND QUALIFICATIONS

As at the Latest Practicable Date, the Group has obtained the following licences, certifications and registrations material to its business operations in Hong Kong:

Type of licence, certification or registration	Issuing body	Duration
Registration of Food Importer/ Distributor	Food and Environmental Hygiene Department	1 February 2018 to 31 January 2021 ( <i>Note 1</i> )
Food Factory Licence	Food and Environmental Hygiene Department	18 January 2019 to 17 January 2020 ( <i>Note 2</i> ) 24 September 2018 to 10 June 2019 ( <i>Note 3</i> ) 4 December 2018 to 22 March 2020 ( <i>Note 4</i> )
Certificate of Fire Service Installation and Equipment	Fire Services Department	26 April 2018 to 25 April 2019 ( <i>Note 5</i> ) 24 December 2018 to 23 December 2019 ( <i>Note 6</i> )

### Notes:

1. Issued to C.Y. Food
2. Issued for Room B, 1/F, Sunking Industry Building, 1-7 Shing Chuen Road, Tai Wai, Sha Tin, New Territories
3. Issued for Workshop A, E, F, J, 3/F, Block 1, Kwai Tak Industrial Centre, 15-33 Kwai Tak Street, Kwai Chung, New Territories
4. Issued for Room D, 4/F, Block 1, Kwai Tak Industrial Centre, 15-33 Kwai Tak Street, Kwai Chung, New Territories
5. Issued for Room B, 1/F, Sunking Industry Building, 1-7 Shing Chuen Road, Tai Wai, Sha Tin, New Territories by Bright Wong Engineering Co. as authorised by the Fire Services Department
6. Issued for Workshop A, E, F, J, 3/F, Block 1, Kwai Tak Industrial Centre, 15-33 Kwai Tak Street, Kwai Chung, New Territories by Sun Yip Engineering Co. as authorised by the Fire Services Department

The Group has obtained all licences, certifications and registrations necessary to conduct its business operations and has not experienced any refusal of renewal since the Company's listing on GEM of the Stock Exchange on 13 October 2016 and up to the Latest Practicable Date. The Directors confirm they are not aware of any circumstances that would significantly hinder or delay the renewal or application of the above.

## LITIGATION AND LEGAL COMPLIANCE

As at the Latest Practicable Date, no litigation or claims of material importance were ongoing, pending or threatened against any member of the Group. The Directors confirm that, during the three years ended 31 March 2018 and up to the Latest Practicable Date, the Group did not have any material non-compliance.

Since 13 October 2016, the date of which the Company was listed on GEM, and up to the Latest Practicable Date, the Directors confirm that the Group (i) has complied with laws and regulations in all material aspects for its business; and (ii) has not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules.

## **MATERIAL RISKS ASSOCIATED WITH THE GROUP'S BUSINESS**

### **The Group's business and reputation may be affected by product tampering, food safety issues, food-borne illnesses, health threats, product liability claims, litigation, complaints, and adverse publicity**

Similar to any food ingredients, the food ingredients provided by the Group involve an inherent risk of injury to consumers if they do not meet the required health and safety standards. These injuries may result from tampering by unauthorised third parties or product contamination, including the presence of foreign contaminants, bacteria, chemicals, pesticides, preservatives or other agents or residues during farming, harvesting, transportation and storage. While the Group is subject to governmental inspections and regulations, in addition to its own quality control, there is no assurance that the food ingredients of the Group will always meet the required safety and health standards, the consumption of the Group's products will not cause health-related illnesses in the future, or that the Group will not be subject to product liability claims or lawsuits relating to such matters. Although the Group maintains product liability insurance, such insurance is subject to caps on damages and the Group would be liable for any damages in excess of such caps awarded against the Group in any product liability claim. Furthermore, the mere publication of information asserting that the food ingredients of the Group contain or have contained any contaminants or have caused personal injuries or illnesses could damage the Group's reputation with customers and its brand image, which could have a material adverse effect on the Group, regardless of whether these reports have any factual basis.

### **The Group relies on independent suppliers for the packaging materials and any safety issues with these packaging materials could adversely affect the Group's reputation, business operations and financial performance**

The Group uses certain packaging materials such as plastic bags, labels and styrofoam boxes. Some of the packaging materials used by the Group may contain harmful chemicals or substances of which the Group is not aware of and may cause undesirable side effects or injuries to the customers. There is no assurance that the packaging materials are free from defects or compliant with relevant safety standards for food packaging in every circumstance. Failures by the Group's packaging suppliers to supply quality or food grade plastic packaging materials could result in packaging chemicals leeching onto the food ingredients and the food ingredients becoming harmful or inedible. There is no assurance that the quality control measures of the Group will be able to detect defects in the packaging materials in every circumstance. Any defect undetected and left in the Group's packaging materials could adversely affect the quality of the food ingredients, which could in turn result in a material and adverse impact on the reputation, business operations, financial position and prospects of the Group.

## **Fluctuation of the cost of food ingredients may materially affect the business operations of the Group**

The Group's operational performance is susceptible to fluctuation of purchase costs of food ingredients from the Group's suppliers. For the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018, approximately HK\$110.4 million, HK\$99.9 million, HK\$98.8 million and HK\$80.2 million, representing approximately 78.6%, 76.1%, 74.7% and 74.7% of the costs of sales of the Group, were attributable to the purchase costs of food ingredients. The fluctuation of purchase costs of food ingredients may be the result of various external factors, such as fluctuations in weather, seasonality, fluctuations in costs of goods caused by supply and demand and other economic conditions that may affect the cost, availability and quality of the food ingredients. If the Group is unable to obtain the requisite quantities of food ingredients at commercially reasonable prices in accordance with the customers' requirements, the Group's business could be adversely affected. In the event that the purchase costs of food ingredients from the Group's suppliers increase in the future and the Group is unable to pass these cost increases onto the customers immediately, the operational performance of the Group may also be affected.

## **The products sold by the Group are perishable and fragile**

The Group focuses on the provision of vegetables and fruits, and their freshness are crucial to the business operations of the Group. Many of the products provided by the Group are highly perishable, such as fresh or chilled food ingredients, and their freshness and shelf-lives can be easily affected by several factors ranging from the conditions of storage, handling and timeliness and conditions of their transportation and delivery. As fresh vegetables and fruits are fragile in nature, damage caused during the processing, packaging, transportation and delivery of the products may reduce the food ingredients' shelf-lives. In addition, delayed delivery of food ingredients to the Group's processing factory, poor temperature and humidity control, poor processing techniques and delayed transportation and delivery to the customers by the Group or third party logistics services providers may spoil the products and in such event, the Group will incur additional time and expenses to arrange replacement and the Group's reputation may be harmed. Thus, the Group's business is dependent on the proper storage conditions, handling and prompt transportation and delivery of the products. Disruptions caused by these factors or other factors beyond the Group's control may result in significant damage to the products provided by the Group which in turn would cause harm to the reputation and operational performance of the Group.

## **The Group does not usually enter into long-term sales or supply agreements with its customers and suppliers**

As the availability and quality of the food ingredients are dependent on various external factors, the operations of the Group must be flexible to respond to the fluidity conditions of the market. In order to retain operational flexibility, the Group generally does not enter into any long-term sales or supply agreements with its customers and suppliers. As a result, they may at their discretion reduce or cease purchasing food ingredients from the Group or reduce or cease supplying food ingredients or raw materials to the Group, which could adversely affect the Group's business and results of operations.

## SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

The following table sets forth the audited consolidated statement of comprehensive income of the Group for the years ended 31 March 2016, 2017 and 2018 and the unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2017 and 2018:

	Year ended 31 March			Nine months ended 31 December	
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	166,230	166,300	<b>176,841</b>	137,168	<b>138,676</b>
Cost of sales	<u>(140,465)</u>	<u>(131,226)</u>	<u><b>(132,251)</b></u>	<u>(107,779)</u>	<u><b>(107,343)</b></u>
<b>Gross profit</b>	25,765	35,074	<b>44,590</b>	29,389	<b>31,333</b>
Other income	123	113	<b>279</b>	232	<b>727</b>
Selling and administrative expenses	<u>(11,593)</u>	<u>(27,513)</u>	<u><b>(17,061)</b></u>	<u>(12,435)</u>	<u><b>(16,998)</b></u>
<b>Operating profit</b>	<u>14,295</u>	<u>7,674</u>	<u><b>27,808</b></u>	<u>17,186</u>	<u><b>15,062</b></u>
Finance income	1	2	<b>131</b>	130	<b>17</b>
Finance costs	<u>(587)</u>	<u>(833)</u>	<u><b>(430)</b></u>	<u>(326)</u>	<u><b>(358)</b></u>
Finance costs – net	(586)	(831)	<b>(299)</b>	(196)	<b>(341)</b>
Share of profit/(loss) of a joint venture	<u>–</u>	<u>(147)</u>	<u><b>14</b></u>	<u>49</u>	<u><b>98</b></u>
<b>Profit before income tax</b>	13,709	6,696	<b>27,523</b>	17,039	<b>14,819</b>
Income tax expense	<u>(2,636)</u>	<u>(3,286)</u>	<u><b>(4,662)</b></u>	<u>(2,963)</u>	<u><b>(2,907)</b></u>
<b>Profit and total comprehensive income for the year/period attributable to equity holders of the Company</b>	<u><u>11,073</u></u>	<u><u>3,410</u></u>	<u><u><b>22,861</b></u></u>	<u><u>14,076</u></u>	<u><u><b>11,912</b></u></u>
<b>Basic and diluted earnings per Share attributable to equity holders of the Company (expressed in HK cents per Share)</b>	<u><u>1.15</u></u>	<u><u>0.31</u></u>	<u><u><b>1.79</b></u></u>	<u><u>1.10</u></u>	<u><u><b>0.93</b></u></u>

## KEY FINANCIAL INFORMATION

The followings set forth the selected financial information of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

### Revenue

The Group generates revenue primarily from sourcing, processing and supplying food ingredients to customers in Hong Kong. The following tables set forth the revenue and sales volume by product types for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

Product type	Year ended 31 March 2016				Year ended 31 March 2017				Year ended 31 March 2018			
	Revenue	Percentage of total revenue	Sales volume	Average selling price	Revenue	Percentage of total revenue	Sales volume	Average selling price	Revenue	Percentage of total revenue	Sales volume	Average selling price
	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>
Vegetables	139,610	84.0	9,832	14.2	139,880	84.1	9,418	14.9	144,998	82.0	9,766	14.8
Fruits	20,315	12.2	1,009	20.1	20,103	12.1	1,034	19.4	24,775	14.0	1,000	24.8
Other food ingredients	6,305	3.8	N/A	N/A	6,317	3.8	N/A	N/A	7,068	4.0	N/A	N/A
<b>Total</b>	<b>166,230</b>	<b>100.0</b>			<b>166,300</b>	<b>100.0</b>			<b>176,841</b>	<b>100.0</b>		

Product type	Nine months ended 31 December 2017				Nine months ended 31 December 2018			
	Revenue	Percentage of total revenue	Sales volume	Average selling price	Revenue	Percentage of total revenue	Sales volume	Average selling price
	<i>HK\$'000</i> <i>(unaudited)</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>	<i>HK\$'000</i> <i>(unaudited)</i>	%	<i>tonne</i>	<i>HK\$ per kg</i>
Vegetables	107,796	78.6	7,312	14.7	109,150	78.7	7,142	15.3
Fruits	16,476	12.0	745	22.1	17,876	12.9	730	24.5
Other food ingredients	12,896	9.4	N/A	N/A	11,650	8.4	N/A	N/A
<b>Total</b>	<b>137,168</b>	<b>100.0</b>			<b>138,676</b>	<b>100.0</b>		

The sales of vegetables contributed the largest share of the Group's revenue, which accounted for approximately 84.0%, 84.1%, 82.0% and 78.7% of the Group's revenue for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018, respectively.

The following tables set forth the sales by types of customer outlets for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

Type of customer outlets	Year ended 31 March 2016		Year ended 31 March 2017		Year ended 31 March 2018	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Restaurants	129,748	78.1	137,474	82.7	152,748	86.4
Schools	11,554	7.0	9,015	5.4	6,598	3.7
Bakery and coffee shops	6,731	4.0	5,961	3.6	4,592	2.6
Hospitals	1,510	0.9	421	0.3	51	0.0
Hotels	1,509	0.9	1,070	0.6	754	0.4
Others (Note)	15,178	9.1	12,359	7.4	12,098	6.9
<b>Total</b>	<b>166,230</b>	<b>100.0</b>	<b>166,300</b>	<b>100.0</b>	<b>176,841</b>	<b>100.0</b>

Type of customer outlets	Nine months ended 31 December 2017		Nine months ended 31 December 2018	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Restaurants	119,044	86.8	122,076	88.0
Schools	4,901	3.6	5,043	3.7
Bakery and coffee shops	3,590	2.6	2,940	2.1
Hospitals	39	0.0	40	0.0
Hotels	587	0.4	532	0.4
Others (Note)	9,007	6.6	8,045	5.8
<b>Total</b>	<b>137,168</b>	<b>100.0</b>	<b>138,676</b>	<b>100.0</b>

Note: Others mainly included food factories of the food service operators, corporate customers, supermarkets and retail stores.

During the years ended 31 March 2016, 2017 and 2018, the Group's sales to restaurants increased mainly due to acquisition of new customers and expansion of supply scope to the customers to support the development of their new outlets. For the same periods, the Group generated lower revenue from sales to schools, bakery and coffee shops, hospitals and hotels primarily due to the decrease in the number of



outlets operated or served by the Group's customers. In particular, to the Directors' best knowledge, the contracts awarded to some of the Group's customers, being the catering services providers to the schools and hospitals, were completed and not renewed due to unsuccessful tenders by the Group's customers. Thus, the Group's supply of food ingredients to these types of customer outlets decreased during the years ended 31 March 2016, 2017 and 2018.

### Cost of sales

The Group's cost of sales primarily consists of cost of raw materials, direct labour costs, freight and transportation expenses, depreciation of property, plant and equipment, commission and other processing costs.

The following tables set forth the cost of sales of the Group by product types for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

Product type	Year ended 31 March 2016		Year ended 31 March 2017		Year ended 31 March 2018	
	Cost of sales	Percentage of total cost of sales	Cost of sales	Percentage of total cost of sales	Cost of sales	Percentage of total cost of sales
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Vegetables	118,230	84.2	109,548	83.5	107,073	81.0
Fruits	16,631	11.8	16,150	12.3	18,852	14.3
Other food ingredients	5,604	4.0	5,528	4.2	6,326	4.7
Total	<u>140,465</u>	<u>100.0</u>	<u>131,226</u>	<u>100.0</u>	<u>132,251</u>	<u>100.0</u>

Product type	Nine months ended 31 December 2017		Nine months ended 31 December 2018	
	Cost of sales	Percentage of total cost of sales	Cost of sales	Percentage of total cost of sales
	<i>HK\$'000</i> ( <i>unaudited</i> )	%	<i>HK\$'000</i> ( <i>unaudited</i> )	%
Vegetables	81,837	75.9	81,475	75.9
Fruits	13,567	12.6	14,594	13.6
Other food ingredients	12,375	11.5	11,274	10.5
Total	<u>107,779</u>	<u>100.0</u>	<u>107,343</u>	<u>100.0</u>

The following tables set forth the breakdown of components of the Group's cost of sales for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

Component	Year ended 31 March 2016		Year ended 31 March 2017		Year ended 31 March 2018	
	Cost of sales	Percentage of total cost	Cost of sales	Percentage of total cost	Cost of sales	Percentage of total cost
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Raw materials (Note 1)	110,356	78.6	99,884	76.1	98,812	74.7
Packaging materials	723	0.5	832	0.7	956	0.7
Direct labour costs	9,912	7.1	10,379	7.9	12,893	9.8
Freight and transportation expenses	16,186	11.5	17,344	13.2	16,805	12.7
Depreciation	747	0.5	428	0.3	529	0.4
Commission	1,278	0.9	1,022	0.8	826	0.6
Other processing costs (Note 2)	1,263	0.9	1,337	1.0	1,430	1.1
<b>Total</b>	<b>140,465</b>	<b>100.0</b>	<b>131,226</b>	<b>100.0</b>	<b>132,251</b>	<b>100.0</b>

Component	Nine months ended 31 December 2017		Nine months ended 31 December 2018	
	Cost of sales	Percentage of total cost of sales	Cost of sales	Percentage of total cost of sales
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Raw materials (Note 1)	82,570	76.6	80,196	74.7
Packaging materials	697	0.6	709	0.7
Direct labour costs	9,570	8.9	11,307	10.5
Freight and transportation expenses	12,809	11.9	12,559	11.7
Depreciation	387	0.4	636	0.6
Commission	609	0.6	680	0.6
Other processing costs (Note 2)	1,137	1.0	1,256	1.2
<b>Total</b>	<b>107,779</b>	<b>100.0</b>	<b>107,343</b>	<b>100.0</b>

Notes:

1. Raw materials include fresh vegetables, fruits and other food ingredients.
2. Other processing costs primarily include rent, rates and building management fees and utilities.

## Gross profit and gross profit margin

The following tables set forth the gross profit and gross profit margin of the Group by product types for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

Product type	Year ended 31 March 2016		Year ended 31 March 2017		Year ended 31 March 2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Vegetables	21,380	15.3	30,332	21.7	37,925	26.2
Fruits	3,684	18.1	3,953	19.7	5,923	23.9
Other food ingredients	701	11.1	789	12.5	742	10.5
Total	<u>25,765</u>	<u>15.5</u>	<u>35,074</u>	<u>21.1</u>	<u>44,590</u>	<u>25.2</u>

Product type	Nine months ended 31 December 2017		Nine months ended 31 December 2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i> ( <i>unaudited</i> )	%	<i>HK\$'000</i> ( <i>unaudited</i> )	%
Vegetables	25,959	24.1	27,675	25.4
Fruits	2,909	17.7	3,282	18.4
Other food ingredients	521	4.0	376	3.2
Total	<u>29,389</u>	<u>21.4</u>	<u>31,333</u>	<u>22.6</u>

During the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018, the sales of vegetables and fruits have accounted for over 80% and over 10% of the gross profit of the Group, respectively. As vegetables and fruits are sold to customers generally after a series of inputs, such as sourcing, grading and further processing, a higher markup is generally charged for supplying vegetables and fruits as compared with other food ingredients.

## Selling and administrative expenses

Selling and administrative expenses mainly consist of employee expenses and benefits with respect to sales and administrative personnel, directors' emoluments, depreciation, office expenses, motor vehicle expenses, listing expenses and other miscellaneous administrative expenses.

The following tables set forth the breakdown of selling and administrative expenses of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2017 and 2018:

	Year ended 31 March 2016		Year ended 31 March 2017		Year ended 31 March 2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Employee expenses and benefits	4,315	37.2	4,774	17.4	5,651	33.1
Directors' emoluments	1,503	13.0	2,368	8.6	3,213	18.8
Auditor's remuneration	200	1.7	1,150	4.2	1,150	6.7
Depreciation	567	4.9	441	1.6	709	4.2
Office expenses	1,031	8.9	1,182	4.2	1,810	10.6
Motor vehicle expenses	584	5.0	685	2.5	1,056	6.2
Listing expenses	2,481	21.4	14,049	51.1	–	–
Other administrative expenses ( <i>Note</i> )	912	7.9	2,864	10.4	3,472	20.4
<b>Total</b>	<b>11,593</b>	<b>100.0</b>	<b>27,513</b>	<b>100.0</b>	<b>17,061</b>	<b>100.0</b>

	Nine months ended 31 December 2017		Nine months ended 31 December 2018	
	<i>HK\$'000</i> ( <i>unaudited</i> )	%	<i>HK\$'000</i> ( <i>unaudited</i> )	%
Employee expenses and benefits	4,325	34.8	4,645	27.3
Directors' emoluments	2,418	19.5	2,385	14.0
Auditor's remuneration	862	6.9	862	5.1
Depreciation	495	4.0	795	4.7
Office expenses	1,259	10.1	1,613	9.5
Motor vehicle expenses	757	6.1	1,178	6.9
Professional fees in relation to the Transfer of Listing	–	–	2,991	17.6
Other administrative expenses ( <i>Note</i> )	2,319	18.6	2,529	14.9
<b>Total</b>	<b>12,435</b>	<b>100.0</b>	<b>16,998</b>	<b>100.0</b>

*Note:* Other administrative expenses mainly include travelling and entertainment, bank charges, insurance, advertising and promotion expenses, other professional fees, and other sundry expenses.

## **Period to period comparison of results of operations**

### ***The year ended 31 March 2017 compared to the year ended 31 March 2016***

#### *Revenue*

For the year ended 31 March 2017, the Group recorded revenue of approximately HK\$166.3 million as compared with approximately HK\$166.2 million for the year ended 31 March 2016. The Group's revenue and sales volume by product types remained relatively stable over the same period.

#### *Cost of sales*

The cost of sales of the Group for the year ended 31 March 2017 amounted to approximately HK\$131.2 million, representing a decrease of approximately 6.6% from approximately HK\$140.5 million for the year ended 31 March 2016, primarily attributable to the increased efforts in procurement and better purchase cost management. The Group made use of the advantage from GEM Listing status to elaborate the financial transparency and the strength of the Group's financial position in its negotiation with the suppliers to convince such suppliers that their credit risk can be reduced together with earlier settlement of payables in exchange of offering favourable prices to the Group. Upon the GEM Listing, the Group has also expanded its network of suppliers and allocated more manpower to closely monitor the purchase price of the food ingredients, which in turn allowed it to exert more pressure over its suppliers during the price negotiation. In addition, the Group has procured a wider variety of premium and specialty vegetables such as greenhouse vegetables, premium fungus, and specialty salad vegetables, herbs and spices directly from overseas suppliers to obtain more favourable prices for the year ended 31 March 2017, as compared to the previous year. The Group's cost of raw materials decreased by approximately 9.5% from approximately HK\$110.4 million for the year ended 31 March 2016 to approximately HK\$99.9 million for the year ended 31 March 2017. For the years ended 31 March 2016 and 2017, the cost of raw materials accounted for approximately 78.6% and 76.1% of the Group's total cost of sales, respectively.

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

For the year ended 31 March 2017, the gross profit of the Group amounted to approximately HK\$35.1 million, representing an increase of approximately 36.1% from approximately HK\$25.8 million for the year ended 31 March 2016. The Group's gross profit margin for the year ended 31 March 2017 was approximately 21.1%, representing an increase of approximately 5.6 percentage points as compared with approximately 15.5% for the year ended 31 March 2016. Such increase in gross profit and gross profit margin was primarily attributable to the increased efforts in procurement and better purchase cost management as explained above.

### *Selling and administrative expenses*

The selling and administrative expenses of the Group for the year ended 31 March 2017 were approximately HK\$27.5 million, representing an increase of approximately 137.1% from approximately HK\$11.6 million for the year ended 31 March 2016, primarily due to the higher listing expenses incurred for the year ended 31 March 2017, and the higher professional fees incurred by the Group upon listing.

### *Finance costs*

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

### *Share of profit/loss of a joint venture*

For the year ended 31 March 2017, the Group recorded share of losses of a joint venture of HK\$147,000. The joint venture is principally engaged in the manufacturing of bakery products. The joint venture was in a loss position mainly because it was in the early stage of business development.

### *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 2017 amounted to approximately HK\$3.4 million, representing a decrease of approximately 69.4% as compared with approximately HK\$11.1 million for the year ended 31 March 2016. Setting aside the listing expenses, the Group's adjusted profit for the years ended 31 March 2016 and 2017 would be approximately HK\$13.6 million and HK\$17.5 million, respectively.

## *The year ended 31 March 2018 compared to the year ended 31 March 2017*

### *Revenue*

For the year ended 31 March 2018, the revenue of the Group amounted to 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. Such increase was primarily due to (i) the net increase of sales of approximately HK\$8.2 million from the net increase in customer outlets served by the Group from 801 for the year ended 31 March 2017 to 815 for the year ended 31 March 2018; and (ii) the expansion of supply scope to Customer F to become their sole vegetables and fruits supplier and one of their frozen food ingredients supplier, resulting in an increase in sales of approximately HK\$8.5 million. The aforementioned increase was partially offset by lower sales to other customers by approximately HK\$6.2 million. During the year ended 31 March 2018, the Group expanded its product offerings by providing hampers packaged with overseas premium fruits. Such new products became the Group's popular products in or around the festivals such as Chinese New Year and Easter in February 2018 and March 2018. For the year ended 31 March 2018, the sales of hampers packaged with overseas premium fruits amounted to approximately HK\$3.3 million with average selling price of approximately HK\$328.0 per kg of fruits.

During the year ended 31 March 2018, as requested by Customer F, the Group also expanded the supply scope and provided certain frozen food ingredients, in addition to vegetable and fruits, to its restaurant outlets. The Group sourced such frozen food ingredients from one of its suppliers and arranged the supplier to deliver the frozen food ingredients to the customers' outlets directly. In preparing the Group's annual results for the year ended 31 March 2018, the Directors concluded that such transactions should be presented on a basis whereby the gross billings received or receivable from the relevant customer would be netted with the related costs to arrive at the corresponding revenue amount, and made an adjustment in its financial statements for the year ended 31 March 2018 to net off approximately HK\$12.2 million of sales of such frozen food ingredients with the corresponding cost of sales of approximately HK\$11.8 million (the "**Accounting Adjustment**") to present revenue of approximately HK\$0.4 million for such sales of frozen food ingredients for the year ended 31 March 2018 without any cost of sales by referencing to the relevant accounting guidance. As such, the Accounting Adjustment resulted in (i) the recognition of revenue of approximately HK\$0.4 million by the Group for the year ended 31 March 2018 from the sales of frozen food ingredients; and (ii) the revenue of the Group for the fourth quarter of the year ended 31 March 2018 calculated with reference to the Group's annual report and quarterly reports for the year ended 31 March 2018 to be substantially lower than each of the first three quarters. Other than Customer F, the Group also supplied and delivered certain frozen food ingredients to some of its customers directly during the years ended 31 March 2016, 2017 and 2018. Having considered that such sales were principally handled by the Group, the Group accounted for the revenue and the corresponding cost of sales of such transactions at gross in its financial statements, as different from the accounting treatment of the Accounting Adjustment. For the years ended 31 March 2016, 2017 and 2018, the annual sales of frozen food ingredients to customers other than Customer F was less than HK\$1 million.

### *Cost of sales*

The cost of sales of the Group for the year ended 31 March 2018 amounted to 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 mainly attributable to the rising labour costs. Although revenue and volume of vegetables processed increased, with the general decrease of average market price of vegetables and the Group's cost management measures in the procurement of food ingredients, including expanding its supplier base, having more direct purchase of premium vegetables and fruits from the overseas suppliers and more frequent monitoring and comparison of the market price of the food ingredients offered by the suppliers, the cost of raw materials decreased slightly from approximately HK\$99.9 million for the year ended 31 March 2017 to HK\$98.8 million for the year ended 31 March 2018. The cost of raw materials accounted for approximately 76.1% and 74.7% of the total cost of sales of the Group for the years ended 31 March 2017 and 2018, respectively.

### *Gross profit and gross profit margin*

For the year ended 31 March 2018, the gross profit of the Group amounted to 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. Such increase in gross profit margin was primarily attributable to (i) the cost management measures in the procurement process as mentioned above whereby the Group managed to contain cost of raw materials as revenue grew; (ii) the increase in sales of overseas premium fruits for hampers which were of higher gross profit margin ranging from approximately 57% to 66%; and (iii) the Group was able to maintain the average selling price of vegetables despite the decrease in the average purchase cost of vegetables of the Group for the year ended 31 March 2018.

### *Selling and administrative expenses*

The selling and administrative expenses of the Group 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. Such decrease was primarily due to the effects of the non-recurring listing expenses of approximately HK\$14.0 million 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 in employee expenses and benefits to support the business growth.

### *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 decrease in average bank borrowings during the year ended 31 March 2018.



### *Share of profit/loss of a joint venture*

For 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. The joint venture was in loss position for the year ended 31 March 2017 since it was in an early stage of business development.

### *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 approximately HK\$3.4 million for the year ended 31 March 2017. Setting aside the listing expenses, the Group's adjusted profit would be approximately HK\$17.5 million and HK\$22.9 million for the years ended 31 March 2017 and 2018, respectively.

### ***The nine months ended 31 December 2018 compared to the nine months ended 31 December 2017***

#### *Revenue*

For the nine months ended 31 December 2018, the revenue of the Group amounted to approximately HK\$138.7 million, representing a slight increase of approximately 1.1% from approximately HK\$137.2 million for the nine months ended 31 December 2017. The Group's revenue and sales volume by product types remained relatively stable over the period.

#### *Cost of sales*

The cost of sales of the Group remained relatively stable at approximately HK\$107.8 million and HK\$107.3 million for the nine months ended 31 December 2017 and 2018, respectively.

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

For the nine months ended 31 December 2018, the gross profit of the Group amounted to approximately HK\$31.3 million, representing an increase of approximately 6.5% from approximately HK\$29.4 million for the nine months ended 31 December 2017. The Group's gross profit margin remained relatively stable at approximately 21.4% and 22.6% for the nine months ended 31 December 2017 and 2018, respectively.

The Group's gross profit margin of fruits for the year ended 31 March 2018 of approximately 23.9% was higher than that for the nine months ended 31 December 2018 of approximately 18.4%, primarily due to the sales of hampers packaged with overseas premium fruits which were of higher gross profit margin ranging from approximately 57% to 66% in or around the festivals such as Chinese New Year and Easter in February 2018 and March 2018. The Group's gross profit margin of fruits for the nine months ended 31 December 2018 of approximately 18.4% was similar to that for the nine months ended 31 December 2017 of approximately 17.7%.

### *Selling and administrative expenses*

The selling and administrative expenses of the Group for the nine months ended 31 December 2018 were approximately HK\$17.0 million, representing an increase of approximately 37.1% from approximately HK\$12.4 million for the nine months ended 31 December 2017. Such increase was primarily due to (i) the effects of the non-recurring professional fees of approximately HK\$3.0 million incurred for the nine months ended 31 December 2018 for the Transfer of Listing; and (ii) the increase in office expenses and employee expenses and benefits for the office support for the Kwai Chung Factory.

### *Finance costs*

Net finance costs of the Group increased by approximately 74.0% from approximately HK\$196,000 for the nine months ended 31 December 2017 to approximately HK\$341,000 for the nine months ended 31 December 2018. Such increase was mainly due to lower interest income from bank deposit.

### *Share of profit/loss of a joint venture*

The Group's share of profit of a joint venture was at approximately HK\$98,000 for the nine months ended 31 December 2018 as compared with approximately HK\$49,000 for the nine months ended 31 December 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 nine months ended 31 December 2018 amounted to approximately HK\$11.9 million as compared with approximately HK\$14.1 million for the nine months ended 31 December 2017, primarily due to the effects of the non-recurring professional fees of approximately HK\$3.0 million incurred for the nine months ended 31 December 2018 for the Transfer of Listing. Setting aside the professional fees, the Group's adjusted profit for the nine months ended 31 December 2018 would be approximately HK\$14.9 million, representing an increase of approximately 5.7% from approximately HK\$14.1 million for the nine months ended 31 December 2017.

## NET CURRENT ASSETS

The following table sets forth the breakdown of the Group's current assets, current liabilities and net current assets as at 31 March 2016, 2017 and 2018 and 31 December 2018:

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i> <i>(unaudited)</i>
<b>Current assets</b>				
Inventories	863	607	663	703
Trade receivables	26,955	22,142	37,376	35,310
Deposits and prepayments	1,478	628	902	1,554
Amount due from Mr. Liu	16,012	–	–	–
Cash and cash equivalents	9,479	68,924	16,133	27,305
<b>Total current assets</b>	<b>54,787</b>	<b>92,301</b>	<b>55,074</b>	<b>64,872</b>
<b>Current liabilities</b>				
Trade payables	27,592	16,549	10,923	6,153
Accruals and other payables	2,902	4,554	4,732	4,956
Borrowings	18,771	18,584	17,806	27,070
Current income tax liabilities	1,179	293	1,387	2,885
<b>Total current liabilities</b>	<b>50,444</b>	<b>39,980</b>	<b>34,848</b>	<b>41,064</b>
<b>Net current assets</b>	<b>4,343</b>	<b>52,321</b>	<b>20,226</b>	<b>23,808</b>

The current assets of the Group comprised mainly inventories, trade receivables, deposits and prepayments, and cash and cash equivalents. The current liabilities of the Group comprised mainly trade payables, accruals and other payables, borrowings and current income tax liabilities.

As at 31 March 2016 and 2017, the Group recorded net current assets of approximately HK\$4.3 million and HK\$52.3 million, respectively. Such increase in net current assets was mainly due to the increase in cash and cash equivalents from the net proceeds of the GEM Listing.

The current assets of the Group decreased from approximately HK\$92.3 million as at 31 March 2017 to approximately HK\$55.1 million as at 31 March 2018. Such decrease was primarily attributable to the decrease in cash and cash equivalents for the acquisition of properties for the set-up of the Kwai Chung Factory. The current liabilities of the Group decreased to approximately HK\$34.8 million as at 31 March 2018 from approximately HK\$40.0 million as at 31 March 2017, mainly due to decrease in trade payables partially offset by the increase in current income tax liabilities on higher taxable income. As a result of the foregoing, the net current assets of the Group decreased from approximately HK\$52.3 million as at 31 March 2017 to approximately HK\$20.2 million as at 31 March 2018.

As at 31 December 2018, the net current assets of the Group increased to approximately HK\$23.8 million. The current assets of the Group increased from approximately HK\$55.1 million as at 31 March 2018 to approximately HK\$64.9 million as at 31 December 2018, primarily due to the increase in cash from bank borrowings for general working capital. The current liabilities of the Group increased from approximately HK\$34.8 million as at 31 March 2018 to approximately HK\$41.1 million as at 31 December 2018, mainly due to the utilisation of banking facilities of approximately HK\$10.0 million, partially offset by decrease in trade payables due to earlier settlement of the trade payables balance.

## CERTAIN OTHER FINANCIAL INFORMATION OF THE GROUP

### Property, plant and equipment

The property, plant and equipment of the Group mainly consist of (i) land and buildings, including the Group's current production factory at Shatin, New Territories, and the new production factory at Kwai Chung, New Territories which has commenced full operation since January 2019; (ii) leasehold improvements; (iii) furniture, fixtures and equipment; and (iv) motor vehicles. The carrying amount of the Group's property, plant and equipment increased from approximately HK\$17.0 million as at 31 March 2017 to approximately HK\$71.0 million as at 31 March 2018, primarily due to the acquisition of properties for the Kwai Chung Factory during the year ended 31 March 2018. As at 31 December 2018, the carrying amount of the Group's property, plant and equipment increased to approximately HK\$83.4 million, mainly due to the increase in leasehold improvements and furniture, fixtures and equipment for the Kwai Chung Factory.

### Trade receivables

The following table sets forth the Group's trade receivables as at the dates indicated:

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i> <i>(unaudited)</i>
Trade receivables	26,955	22,142	37,376	35,310
Less: Provision for impairment of trade receivables	—	—	—	—
	<u>26,955</u>	<u>22,142</u>	<u>37,376</u>	<u>35,310</u>

The Group recorded trade receivables of approximately HK\$27.0 million and HK\$22.1 million as at 31 March 2016 and 2017, respectively. The trade receivables of the Group increased from approximately HK\$22.1 million as at 31 March 2017 to approximately HK\$37.4 million as at 31 March 2018. Such increase was primarily due to (i) the strong sales in February and March 2018, driven by the public holidays and festivals such as the Chinese New Year and Easter. As the Chinese New Year and Easter was in or around mid-February and late March for 2018, respectively, as compared with that in late January and mid-April for 2017, the Group has experienced an increase in sales of approximately 25.2% for February and March 2018 driven by the festive periods as compared with that for February and March 2017. Since the Group typically offered credit period of approximately 30 to 50 days to its major customers during the abovementioned periods, such increase in sales resulted in the corresponding increase in the Group's trade receivables; and (ii) the increase in sales to Customer F from approximately HK\$2.0 million for the year ended 31 March 2017 to approximately HK\$10.5 million for the year ended 31 March 2018. The Group's accumulation of trade receivables is due to its offering of relatively longer credit period (120 days) to Customer F with an aim to develop business relationship with the customer, having considered its operating scale and reputation and the potential business development between the Group and Customer F. As at the Latest Practicable Date, approximately 100.0%, 100.0% and 18.2% of the trade receivables from Customer F outstanding as at 31 March 2017 and 2018 and 31 December 2018 has been settled, respectively.

During the year ended 31 March 2018, the Group normally grants credit terms to its customers ranging from 0 to 120 days. As at the Latest Practicable Date, approximately 100.0%, 100.0%, 99.9% and 71.7% of the Group's trade receivables outstanding as at 31 March 2016, 2017 and 2018 and 31 December 2018 has been settled, respectively.

The following table sets forth the ageing analysis of the trade receivables based on invoice date:

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i> <i>(unaudited)</i>
1 to 30 days	15,052	13,565	<b>18,264</b>	<b>16,282</b>
31 to 60 days	8,543	6,882	<b>11,823</b>	<b>9,517</b>
61 to 90 days	1,988	758	<b>4,006</b>	<b>3,837</b>
91 to 120 days	276	260	<b>2,463</b>	<b>2,968</b>
Over 120 days	1,096	677	<b>820</b>	<b>2,706</b>
Total	<u>26,955</u>	<u>22,142</u>	<u><b>37,376</b></u>	<u><b>35,310</b></u>

Trade receivables aged 120 days or below generally increased as at 31 March 2018 as compared with 31 March 2017 primarily due to the strong sales in February and March 2018 and the relatively longer credit period offered to Customer F as explained above. As at 31 December 2018, the ageing of the trade receivables remained relatively stable as compared with that of 31 March 2018. As at 31 December 2018, approximately HK\$8.2 million of the trade receivables were past due but not impaired, which related to

a number of independent customers for which no significant financial difficulty was aware of. Based on past experience, the Directors considered that the overdue amounts can be recovered. As at the Latest Practicable Date, approximately 84.4% of the trade receivables that were past due but not impaired as at 31 December 2018 have been settled.

The following table sets forth the trade receivables turnover days of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018:

	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018	Nine months ended 31 December 2018
Trade receivables turnover days	<u>55.2 days</u>	<u>53.9 days</u>	<u>61.4 days</u>	<u>72.1 days</u>

The trade receivables turnover days, calculated as the average trade receivables at the beginning and end of the period divided by revenue of the period and multiplied by the number of days in the relevant period, for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 were approximately 55.2 days, 53.9 days, 61.4 days and 72.1 days, respectively. The increase in trade receivables turnover days was mainly due to the same reason for the increase in the trade receivables as explained above. The trade receivables turnover days were within the credit terms generally offered to the customers. Despite the increase in the trade receivables turnover days, a significant portion of the Group's trade receivables was aged between 0 and 60 days as at 31 March 2016, 2017 and 2018 and 31 December 2018, and the Directors believe that there was no significant change in credit quality of the trade receivables.

### Trade payables

The trade payables of the Group are primarily related to purchases of raw materials, including vegetables, fruits and other food ingredients. The Group's trade payables decreased from approximately HK\$27.6 million as at 31 March 2016 to approximately HK\$16.5 million as at 31 March 2017, and decreased further to approximately HK\$10.9 million as at 31 March 2018 and approximately HK\$6.2 million as at 31 December 2018. Such decrease was primarily due to (i) the increase in raw materials purchased from the new suppliers which generally offered relatively shorter credit period to the Group as compared with the suppliers with longstanding relationship. The Group has expanded its supplier base and diversified its raw materials purchases to better manage its costs; and (ii) a faster payment pattern of trade payables during the years ended 31 March 2017 and 2018 as the Directors consider that earlier settlement of the trade payables balance could help to strengthen its relationship with suppliers in order to secure stable supply of quality raw materials at favourable prices.

As at the Latest Practicable Date, approximately 100.0%, 100.0%, 100.0% and 100.0% of the Group's trade payables outstanding as at 31 March 2016, 2017 and 2018 and 31 December 2018 has been settled, respectively.

The following table sets forth the ageing analysis of the trade payables based on invoice date:

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i> <i>(unaudited)</i>
0 to 30 days	9,652	8,056	<b>8,756</b>	<b>5,142</b>
31 to 60 days	7,822	4,930	<b>1,581</b>	<b>1,005</b>
61 to 90 days	5,485	3,563	<b>586</b>	<b>5</b>
Over 90 days	4,633	–	–	<b>1</b>
Total	<u>27,592</u>	<u>16,549</u>	<u><b>10,923</b></u>	<u><b>6,153</b></u>

The following table sets forth the trade payables turnover days of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018:

	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018	Nine months ended 31 December 2018
Trade payables turnover days	<u>76.3 days</u>	<u>61.4 days</u>	<u><b>37.9 days</b></u>	<u><b>21.9 days</b></u>

The trade payables turnover days, calculated as the average trade payables at the beginning and end of the period divided by cost of sales of the period and multiplied by the number of days in the relevant period, for the years ended 31 March 2016, 2017 and 2018 and 31 December 2018 were approximately 76.3 days, 61.4 days, 37.9 days and 21.9 days, respectively. The decrease in trade payables turnover days was mainly due to the same reason for the decrease in trade payables as explained above.

## Inventories

The following table sets forth the Group's inventories as at the dates indicated:

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i> <i>(unaudited)</i>
Raw materials	863	607	663	703
Less: Provision for obsolete inventories	—	—	—	—
Inventories	<u>863</u>	<u>607</u>	<u>663</u>	<u>703</u>

The inventories balance of the Group was relatively higher at approximately HK\$863,000 as at 31 March 2016, primarily due to the management strategy to increase the stock level in view of the market supply condition amid the unstable and adverse weather condition in February and March in 2016, in order to meet the increasing demand from customers. The inventories of the Group remained relatively stable at approximately HK\$607,000, HK\$663,000 and HK\$703,000 as at 31 March 2017 and 2018 and 31 December 2018, respectively. The Group will continue to maintain inventory levels based on the estimated sales orders and market condition. As at the Latest Practicable Date, all of the inventories as at 31 March 2016, 2017 and 2018 and 31 December 2018 have been consumed.

The following table sets forth the inventories turnover days of the Group for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018:

	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018	Nine months ended 31 December 2018
Inventories turnover days	<u>1.5 days</u>	<u>2.0 days</u>	<u>1.8 days</u>	<u>1.7 days</u>

The inventories turnover days, calculated as the average inventories at the beginning and end of the period divided by cost of sales of the period and multiplied by the number of days in the relevant period, for the years ended 31 March 2016, 2017 and 2018 and 31 December 2018 were approximately 1.5 days, 2.0 days, 1.8 days and 1.7 days, respectively.

## WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and existing facilities available to the Group, the Group has sufficient working capital for its requirements for at least next 12 months from the date of this announcement.



## **NO MATERIAL ADVERSE CHANGE**

The Directors confirm that subsequent to 31 March 2018 and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or developments which may have a material adverse impact on the Group's business operations or financial performance.

## **USE OF PROCEEDS**

The Company was listed on GEM on 13 October 2016 through the placing of 320,000,000 Shares at HK\$0.225 per Share. The net proceeds from the GEM Listing, after deducting the listing expenses, were approximately HK\$47.8 million. Up to 30 September 2018, approximately HK\$39.2 million has been utilised. For details of the utilisation of the net proceeds from the GEM Listing up to 30 September 2018, please refer to the interim report of the Company for the six months ended 30 September 2018.

## **BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT**

The biographical information of the current Directors as at the date of this announcement is as follows:

### **Executive Directors**

**Mr. Liu Chi Ching** (廖子情) (“**Mr. Liu**”), aged 53, is the founder of the Group. Mr. Liu is responsible for the overall strategic management and development of the Group's business operations. Mr. Liu was appointed as Director on 6 April 2016 and re-designated as the Chairman of the Board and executive Director on 27 May 2016.

Mr. Liu has over 20 years of experience in the food trading and processing industry. Mr. Liu worked as a chef at various restaurants of well-known clubs and hotels from 1983 to 1993, including The American Club Hong Kong and Hyatt Regency Hong Kong. During such period, he gathered extensive knowledge of the industry and established close relationships with customers and suppliers. Prior to founding the Group, Mr. Liu has been operating his business under the trade name C.Y. Trading Company since March 1993. He established CY Food Trading Limited in May 1998 and had worked as a director of CY Food Trading Limited from May 1998 to March 2001. Mr. Liu has been a director of C.Y. Food since September 2005 and a director of Healthy Cheer since September 2015. Mr. Liu is a director of all subsidiaries of the Group.

Mr. Liu was a director of the following companies incorporated in Hong Kong which were subsequently dissolved (but not due to members' voluntary winding-up) with details as follows:

<b>Name of company</b>	<b>Nature of business immediately prior to dissolution</b>	<b>Date of dissolution</b>
CY Food Trading Limited (日新食品貿易有限公司) (Note 1)	Ceased business	9 March 2001
Fine Jade International Limited (佳翠國際有限公司) (Note 1)	Ceased business	29 October 2010
New States Limited (新五洲有限公司) (Note 2)	Ceased business	23 June 2017
Cheerful Concord Limited (和喜有限公司) (Note 2)	Ceased business	29 March 2018

Notes:

1. CY Food Trading Limited and Fine Jade International Limited were deregistered under Section 291AA of the Predecessor Companies Ordinance. Under Section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if: (a) all the members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than 3 months immediately before the application; and (c) such company has no outstanding liabilities.
2. New States Limited and Cheerful Concord Limited were deregistered under Section 751 of the Companies Ordinance. Under Section 750 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation; or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's asset do not consist of any immovable property situated in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situated in Hong Kong.

As confirmed by Mr. Liu, (i) the above companies were solvent immediately before their dissolutions; (ii) there was no wrongful act on his part leading to the dissolutions; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolutions.

As at the date of this announcement, Mr. Liu is interested in 720,000,000 Shares held through Classic Line, representing 56.25% of the issued share capital of the Company. Mr. Liu legally and beneficially owns the entire issued share capital of Classic Line and is therefore deemed or taken to be interested in all the Shares held by Classic Line for the purposes of the SFO. Mr. Liu is also the sole director of Classic Line.

Mr. Liu has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Mr. Liu or the Company giving the other not less than three months' prior notice in writing. Mr. Liu is entitled to basic annual remuneration of HK\$1.2 million and may receive discretionary bonus subject to approval by the Remuneration Committee. His remuneration and discretionary bonus are determined with reference to, amongst other things, market level of remuneration paid by comparable companies, his responsibilities and performance of the Group. For the year ended 31 March 2018, total Director's emolument paid or payable to Mr. Liu amounted to approximately HK\$1.8 million.

Mr. Liu is the spouse of Ms. Wu.

**Ms. Wu Shuk Kwan** (胡淑君) (“**Ms. Wu**”), aged 35, is the Chief Executive Officer and an executive Director. Ms. Wu is responsible for overseeing the Group's operations, business development, human resources, finance and administration. Ms. Wu was appointed as Chief Executive Officer and an executive Director on 27 May 2016.

Ms. Wu joined the Group as sales and marketing manager in April 2014. Ms. Wu obtained an Associate of Arts from The University of Hong Kong School of Professional and Continuing Education Community College in September 2004. She also completed the level 2 book-keeping and accounting course endorsed by LCCI International Qualification in February 2006. Before joining the Group, Ms. Wu worked in Brilliant Training Centre as a teacher from April 2005 to March 2006. From April 2006 to March 2010, she was a director of Tech Rich Trading Limited, a company principally engaged in wholesale of vegetables in Hong Kong, with the main responsibility of managing the business operation, human resources, finance and administration. She worked in Hong Kong Dragon Airlines Limited as a flight attendant from January 2007 to January 2012 and as a flight purser from January 2012 to March 2014.

Ms. Wu was a director of the following company incorporated in Hong Kong which was subsequently dissolved (but not due to members' voluntary winding-up) with details as follows:

<b>Name of company</b>	<b>Nature of business immediately prior to dissolution</b>	<b>Date of dissolution</b>
Tech Rich Trading Limited (迅富貿易有限公司) ( <i>Note</i> )	Ceased business	12 March 2010

*Note:* Tech Rich Trading Limited was struck off and dissolved pursuant to Section 291 of the Predecessor Companies Ordinance. Under Section 291 of the Predecessor Companies Ordinance, the Registrar of Companies in Hong Kong can strike off a defunct company from the register of companies.

As confirmed by Ms. Wu, (i) Tech Rich Trading Limited was solvent immediately before its dissolution; (ii) there was no wrongful act on her part leading to the dissolution; and (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of such dissolution.

As at the date of this announcement, Ms. Wu, being the spouse of Mr. Liu, is deemed, or taken to be interested in the 720,000,000 Shares in which Mr. Liu is interested pursuant to the SFO.

Ms. Wu has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Ms. Wu or the Company giving the other not less than three months' prior notice in writing. Ms. Wu is entitled to basic annual remuneration of HK\$600,000 and may receive discretionary bonus subject to approval by the Remuneration Committee. Her remuneration and discretionary bonus are determined with reference to, amongst other things, market level of remuneration paid by comparable companies, her responsibilities and performance of the Group. For the year ended 31 March 2018, total Director's emolument paid or payable to Ms. Wu amounted to approximately HK\$882,000.

Ms. Wu is the spouse of Mr. Liu.

#### **Non-executive Director**

**Mr. Wong Chung Yeung** (黃忠揚) (“**Mr. Wong**”), aged 41, was appointed as a non-executive Director on 27 May 2016. Mr. Wong is responsible for formulating strategies for the Group.

Mr. Wong graduated from Hong Kong University of Science and Technology in July 1999 with a Bachelor of Business Administration in Accounting and is a member of Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants). Mr. Wong has rich experience in the finance and accounting profession. Prior to joining the Group, Mr. Wong worked in Ernst & Young from June 2000 to December 2011 with his last position held as a senior manager. Mr. Wong is the chief financial officer and company secretary of Tang Palace (China) Holdings Limited (stock code: 1181), a company listed on the Main Board.

Mr. Wong has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Mr. Wong or the Company giving the other not less than three months' prior notice in writing. Mr. Wong is entitled to basic annual remuneration of HK\$72,000 and may receive discretionary bonus subject to approval by the Remuneration Committee. His remuneration and discretionary bonus are determined with reference to, amongst other things, market level of remuneration paid by comparable companies, his responsibilities and performance of the Group. For the year ended 31 March 2018, total Director's emolument paid or payable to Mr. Wong amounted to approximately HK\$72,000.

## **Independent non-executive Directors**

**Ms. Li On Lei** (李安梨) (“**Ms. Li**”), aged 41, was appointed as an independent non-executive Director, chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee on 26 September 2016. Ms. Li is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Ms. Li is currently the financial controller of Gameone Holdings Limited (stock code: 8282) (“**Gameone**”). She is primarily responsible for the handling and overseeing financial reporting, financial planning, and reviewing internal control of Gameone. Prior to joining Gameone, she had worked in the audit and assurance department of HLB Hodgson Impey Cheng Limited from July 2004 to May 2015, and her last position was senior manager. She has accumulated more than 14 years of experience in auditing, accounting and financial management. Ms. Li graduated from Leeds Metropolitan University with a Bachelor of Arts (Hons) Degree in Accounting and Finance through distance learning in June 2003. Ms. Li has been a fellow member of the Association of Chartered Certified Accountants since March 2016. Since October 2018, Ms. Li has been an independent non-executive director of Fullwealth Construction Holdings Company Limited (stock code: 1034), a company listed on the Main Board.

Ms. Li has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Ms. Li or the Company giving the other not less than three months’ prior notice in writing. Ms. Li is entitled to basic annual remuneration of HK\$144,000 and may receive discretionary bonus subject to approval by the Remuneration Committee. For the year ended 31 March 2018, total Director’s emolument paid or payable to Ms. Li amounted to approximately HK\$144,000.

**Mr. Ng Ki Man** (吳祺敏) (“**Mr. Ng**”), aged 33, was appointed as an independent non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee on 26 September 2016. Mr. Ng is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Ng obtained a Bachelor of Business Administration (Honours) degree in Information Systems from the City University of Hong Kong in November 2008 and a Postgraduate Certificate in Professional Accounting in July 2009. Mr. Ng was qualified as a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Accountants in England and Wales in January 2012 and March 2012, respectively. Mr. Ng has more than 10 years of experience in auditing and accounting and he is currently the director of Sam K. M. Ng CPA Limited. Mr. Ng worked as an audit junior in S.H. Leung & Co. from May 2008 to January 2010. He then worked in HLB Hodgson Impey Cheng Limited from February 2010 to September 2015 with his last position held as manager. From September 2015 to April 2016, Mr. Ng had been the financial controller and company secretary of China Ruifeng Renewable Energy Holdings Limited (stock code: 527), a company listed on the Main Board. Mr. Ng had been the company secretary of Clear Lift Holdings Limited (now known as Hao Tian International Construction Investment Group Limited) (stock code: 1341), a company listed on the Main Board, from April 2016 to February 2017. Since June 2017, Mr. Ng has been an independent non-executive director of Basetrophy Group Holdings Limited (stock code: 8460), a company listed on GEM.

Mr. Ng has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Mr. Ng or the Company giving the other not less than three months' prior notice in writing. Mr. Ng is entitled to basic annual remuneration of HK\$144,000 and may receive discretionary bonus subject to approval by the remuneration committee of the Company. For the year ended 31 March 2018, total Director's emolument paid or payable to Mr. Ng amounted to approximately HK\$144,000.

**Mr. Lo Siu Kit, MH** (羅少傑) (“**Mr. Lo**”), aged 57, was appointed as an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 26 September 2016. Mr. Lo is responsible for providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Lo is a fellow member of The Professional Validation Centre of Hong Kong Business Sector. He has been a director of Olympic Management Company Limited since February 1991 and is currently a member of the Tsuen Wan District Council. Mr. Lo is also currently the chairman of the Traffic and Transport Committee, a member of the District Facilities Management Committee, Cultural, Recreation and Sports Committee, Community Building, Planning and Development Committee, Social Services and Community Information Committee, Coastal Affairs Committee and Environmental and Health Affairs Committee. Meanwhile, Mr. Lo is a member of the Transport and Housing Bureau Appeal Panel (Housing), Labour and Welfare Bureau, Rehabilitation Advisory Committee and District Fight Crime Committee (Tsuen Wan District).

Mr. Lo has entered into a service agreement with the Company for an initial fixed term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association of the Company and the Listing Rules, commencing from 13 October 2016 until terminated by either Mr. Lo or the Company giving the other not less than three months' prior notice in writing. Mr. Lo is entitled to basic annual remuneration of HK\$144,000 and may receive discretionary bonus subject to approval by the Remuneration Committee. For the year ended 31 March 2018, total Director's emolument paid or payable to Mr. Lo amounted to approximately HK\$144,000.

Save as disclosed above, each of the Directors confirms that (i) he/she has not held any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, senior management or substantial or Controlling Shareholders of the Company; (iii) he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all the Directors' appointment that need to be brought to the attention of the Shareholders and the Stock Exchange; and (v) there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

## Senior Management

The biographical information of each current member of senior management as at the date of this announcement is as follows:

**Ms. Wu Hau Kam** (胡巧琴) (“**Ms. Wu HK**”), aged 55, is the director of procurement of the Group. Ms. Wu HK is responsible for procurement of food ingredients and raw materials. Before joining the Group, Ms. Wu HK worked in Dongguan Liaobu Town Liangbian Management Area Knitwear Factory (東莞市寮步鎮良邊管理區毛織廠) as a worker from 1978 to 1985. She then worked as a purchasing officer in Shui Hing Long Fresh Vegetables and Fruits Company (瑞興隆時菜鮮果食品) from 1998 to December 2004. She worked as a purchasing officer in C.Y. Food Trading Company Limited from January 2005 to September 2005. Ms. Wu HK joined the Group as purchasing manager in September 2005 and was promoted to her current position in January 2010.

**Mr. Cheng Lam Piu** (鄭林彪) (“**Mr. Cheng**”), aged 62, is the director of quality control of the Group. Mr. Cheng is responsible for overseeing quality control of the Group including leading the quality control department in conducting food safety analysis, identifying food safety control points, and establishing, performing and evaluating the food safety monitoring procedures for the Group. Mr. Cheng has over 10 years of experience in quality control and is a qualified food hygiene manager accredited by the Food and Environmental Hygiene Department, with extensive food hygiene knowledge including how to identify key areas of risk in various food operations for early remedial actions and ensure compliance with the regulations and codes of practice relating to the food processing and supply industry. Prior to joining the Group, Mr. Cheng worked as a butcher in Ying Wa Company (英華鷄鴨) from 1979 to 1997. He then worked as inventory manager in C.Y. Trading Company and CY Food Trading Limited from December 1997 to May 1998 and from May 1998 to March 2001, respectively. In March 2001, Mr. Cheng rejoined C.Y. Trading Company as inventory manager and left his position in November 2004. He then joined C.Y. Food Trading Company Limited as inventory manager from November 2004 to September 2005. Mr. Cheng joined the Group as inventory manager in September 2005 and was promoted to his current position in October 2005.

## Company Secretary and Financial Controller

**Ms. Yim Sau Ping** (嚴秀屏) (“**Ms. Yim**”), aged 36, was appointed as the company secretary and financial controller of the Group on 1 June 2016. Ms. Yim graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in 2007. She has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. Ms. Yim has accumulated more than 10 years of experience in accounting, auditing and financial management. Prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (now known as Boill Healthcare Holdings Limited) (stock code: 1246), a company listed on the Main Board, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (stock code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She is currently the director of Blooming (HK) Business Limited, a company primarily provides corporate advisory and company secretarial services.

Save as disclosed above, during the three years preceding the date of this announcement, none of the senior management held any directorships in any public companies whose securities are listed on any securities market in Hong Kong or overseas. None of the senior management has any relationship with the Directors and the Controlling Shareholders.

## **SHAREHOLDING DISTRIBUTION**

Based on the review of (i) the register of members of the Company; (ii) the information received from the securities houses and brokerage firms; and (iii) the search result of the disclosure of interests of the Company from the website of the Stock Exchange, the Directors are of the view that the Company is able to comply with the open market requirement under Rule 8.08 of the Listing Rules.

## **NO MATERIAL CHANGES SINCE THE GEM LISTING**

As confirmed by the Directors, save for the acquisition of the Kwai Chung Factory which constituted a major transaction pursuant to Rule 19.06 of the GEM Listing Rules, there has been no other material acquisition and disposal, change of business model of the Group, change of Controlling Shareholders and Directors since the GEM Listing.

## **COMPETING INTERESTS**

As at the date of this announcement, none of the Controlling Shareholders or Directors or their respective associates has any interest in any business which competes or potentially competes, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10(1) and (2) of the Listing Rules.

## **CONTROLLING SHAREHOLDERS**

As at the date of this announcement, each of Mr. Liu and Classic Line (an investment holding company wholly-owned by Mr. Liu) is interested in 720,000,000 Shares (representing 56.25% of the issued share capital of the Company). For the purposes of the GEM Listing Rules, each of Mr. Liu and Classic Line is a Controlling Shareholder controlling more than 30% of the Company's issued share capital.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for viewing on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cyfood.com.hk](http://www.cyfood.com.hk):

- (a) the Memorandum and Articles of Association;
- (b) the third quarterly report of the Company for the nine months ended 31 December 2018;
- (c) the interim report of the Company for the six months ended 30 September 2018;
- (d) the annual report of the Company for the year ended 31 March 2018;
- (e) the interim report of the Company for the six months ended 30 September 2017;



- (f) the circular of the Company dated 28 June 2018 in respect of the general mandates to issue and repurchase Shares, re-election of retiring Directors, re-appointment of auditors and notice of annual general meeting;
- (g) the circular of the Company dated 5 January 2018 in respect of the major transaction to purchase properties through the acquisition of Better Joy Limited;
- (h) the circular of the Company dated 29 June 2017 in respect of the general mandates to issue and repurchase Shares, re-election of retiring Directors, re-appointment of auditors and notice of annual general meeting; and
- (i) a copy of each of the announcements and other corporate communications made by the Company as required under the GEM Listing Rules and the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Articles of Association”	the articles of association of the Company as adopted by the Company from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	the chairman of the Board, namely Mr. Liu
“Chief Executive Officer”	the chief executive officer of the Company, namely Ms. Wu
“Classic Line”	Classic Line Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 8 January 2016 and wholly-owned by Mr. Liu
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Goal Forward Holdings Limited (展程控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means the controlling shareholders of the Company, namely Classic Line and Mr. Liu
“C.Y. Food”	C.Y. Food Trading (HK) Company Limited (日新食品貿易(香港)有限公司), a company incorporated in Hong Kong on 6 September 2005 with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Eligible Issuer”	has the meaning ascribed to it under the Listing Rules
“Fire Services Department”	the Fire Services Department of the Government
“Food and Environmental Hygiene Department”	The Food and Environmental Hygiene Department of the Government
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research agency
“F&S Report”	the market research report commissioned by the Group and prepared by Frost & Sullivan
“GEM”	the GEM of the Stock Exchange
“GEM Listing”	listing of the Shares on GEM on 13 October 2016
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as may be amended from time to time
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries
“HACCP”	Hazard Analysis and Critical Control Points, a management system in which food safety is addressed through the identification and analysis and the prevention and control of biological, chemical and physical hazards in production processes to ensure the finished products of an organisation are safe for human consumption
“Healthy Cheer”	Healthy Cheer International Limited (康意國際有限公司), a company incorporated in Hong Kong on 11 March 2009 with limited liability and an indirect wholly-owned subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ISO”	International Organization for Standardization standards for quality management which ensure an organisation’s products conform to customer requirements and applicable statutory and regulatory standards and which set requirements for what an organisation must do to manage processes influencing product quality
“ISO 22000”	a standard which specifies the requirements of an organisation to implement food safety management systems that control food safety hazards and consistently provide safe products for human consumption
“Latest Practicable Date”	3 March 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Memorandum”	the memorandum of association of the Company
“Mr. Liu”	Mr. Liu Chi Ching (廖子情), an executive Director, the Chairman of the Board and a Controlling Shareholder, the spouse of Ms. Wu
“Ms. Wu”	Ms. Wu Shuk Kwan (胡淑君), an executive Director, the Chief Executive Officer and the spouse of Mr. Liu
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance)

“Nomination Committee”	the nomination committee of the Company
“Remuneration Committee”	the remuneration committee of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 26 September 2016
“Shareholder(s)”	registered holder(s) of the Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of the Listing Rules
“%”	per cent

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

Hong Kong, 12 March 2019

*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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company 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](http://www.cyfood.com.hk).*