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GOAL RISE LOGISTICS (CHINA) HOLDINGS LIMITED

健升物流(中國)控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8457)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

*This announcement, for which the directors (the “**Directors**”) of Goal Rise Logistics (China) Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group for the nine months ended 30 September 2018 was approximately RMB151.9 million with an increase of approximately RMB12.4 million as compared with that for the corresponding period in 2017.
- The Group recorded an unaudited profit attributable to owners of the Company of approximately RMB16.1 million for the nine months ended 30 September 2018 (2017: approximately RMB1.7 million).
- The unaudited basic earnings per share of the Company was approximately RMB2.01 cents for the nine months ended 30 September 2018 (2017: approximately RMB0.28 cent).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (2017: nil).

UNAUDITED QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017.

The information should be read in conjunction with the prospectus of the Company dated 29 September 2017 (the “**Prospectus**”). Capitalised terms used in this announcement shall have the same respective meanings as those defined in the Prospectus unless otherwise stated.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	3	57,681	54,919	151,882	139,451
Other income, gain and losses		818	84	263	60
Employee benefits expenses		(17,568)	(16,912)	(50,464)	(45,043)
Sub-contracting expenses		(16,861)	(17,834)	(44,320)	(43,518)
Operating lease rentals		(6,929)	(5,253)	(19,186)	(15,032)
Depreciation of property, plant and equipment		(617)	(916)	(2,213)	(2,945)
Interest expense on bank borrowings		–	(302)	–	(1,154)
Listing expenses		–	(1,594)	–	(10,381)
Other expenses		(4,921)	(5,692)	(14,108)	(15,636)
Profit before taxation		11,603	6,500	21,854	5,802
Income tax expenses	5	(2,940)	(2,226)	(5,762)	(4,125)
Profit and total comprehensive income for the period attributable to owners of the Company	6	8,663	4,274	16,092	1,677
Earnings per share	7				
— Basic (RMB cents)		1.08	0.71	2.01	0.28

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share capital/ paid-in capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note i)	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2018 (audited)	6,761	37,763	4,686	27,094	18,301	94,605
Profit and total comprehensive income for the period	–	–	–	–	16,092	16,092
Transfers	–	–	1,729	–	(1,729)	–
At 30 September 2018 (unaudited)	6,761	37,763	6,415	27,094	32,664	110,697
At 1 January 2017 (audited)	–	–	2,593	6,999	13,456	23,048
Profit and total comprehensive income for the period	–	–	–	–	1,677	1,677
Capitalisation of the amounts due to related parties (note ii)	–	–	–	20,095	–	20,095
Transfers	–	–	1,238	–	(1,238)	–
At 30 September 2017 (unaudited)	–	–	3,831	27,094	13,895	44,820

Notes:

- (i) Amount represents statutory reserve of a subsidiary of the Company established in the People's Republic of China ("PRC"). According to the relevant laws in the PRC, the subsidiary in the PRC is required to transfer at least 10% of its net profit after taxation, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.
- (ii) During the nine months ended 30 September 2017, the amounts of RMB3,000,000, RMB6,890,000 and RMB10,205,000 due to Joyful Huge Limited, Max Fame Corporation Limited and Mr. Li Jianxin, respectively, have been capitalised as contributions from shareholders.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND REORGANISATION

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

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

The Company is an investment holding company and the Company’s subsidiaries are principally engaged in the provision of logistics services. The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is same as the functional currency of the Company. The condensed consolidated financial statements for the nine months ended 30 September 2018 have not been audited but have been reviewed by the Audit Committee of the Company (the “**Audit Committee**”).

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2017.

The HKICPA has issued a number of new and revised HKFRSs. The adoption of the new and revised HKFRSs, which are relevant to the Group’s operations and effective for its accounting period beginning on 1 January 2018, has no significant changes on the Group’s accounting policies, the presentation, the reported results and the financial position of the Group for the current or prior accounting periods.

The Group has not applied any new and revised HKFRSs that have been issued but not yet effective. The Group is currently assessing the impact of the adoption of such new and revised HKFRSs to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Transportation service income	27,212	27,368	69,180	65,084
Warehousing service income	11,045	10,650	31,724	30,242
In-plant logistics service income	19,160	16,666	50,128	43,254
Customisation service income	264	235	850	871
	57,681	54,919	151,882	139,451

4. SEGMENT INFORMATION

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

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

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

5. INCOME TAX EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
PRC Enterprise Income Tax (“EIT”)	<u>2,940</u>	<u>2,226</u>	<u>5,762</u>	<u>4,125</u>

PRC EIT is calculated at 25% of the estimated assessable profit of a PRC subsidiary for each of the relevant periods.

6. PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging/(crediting):				
Auditors' remuneration:				
— Audit services	250	—	750	—
— Non-audit services	—	—	—	—
Directors' remuneration:				
— Fees	67	—	195	9
— Salaries and other allowances	249	319	835	925
— Retirement benefit scheme contributions	30	37	85	57
Other staff salaries and allowances	14,069	13,659	40,012	36,556
Retirement benefit scheme contributions, excluding those of Directors	<u>3,153</u>	<u>2,897</u>	<u>9,337</u>	<u>7,496</u>
Total employee benefits expenses	<u>17,568</u>	<u>16,912</u>	<u>50,464</u>	<u>45,043</u>
Fleet operating expenses	1,502	1,456	4,508	4,210
Exchange (gain)/loss	(735)	102	(125)	149
Bank interest income	(51)	(68)	(106)	(89)
Government subsidies (<i>Note</i>)	<u>—</u>	<u>(117)</u>	<u>—</u>	<u>(186)</u>

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

7. EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>8,663</u>	<u>4,274</u>	<u>16,092</u>	<u>1,677</u>
Number of shares				
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	<u>800,000</u>	<u>600,000</u>	<u>800,000</u>	<u>600,000</u>

For the nine months ended 30 September 2017, the number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue had been completed on 1 January 2017 but excluding those shares issued pursuant to the Share Offer.

No diluted earnings per share are presented for the nine months ended 30 September 2018 and 2017 as there were no potential dilutive ordinary shares in issue for both periods.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

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

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

With our proven track record by providing flexible, reliable and timely logistics services in the logistics industry, we have established a broad customer base comprising customers from various industries, including pharmaceutical, fast-moving consumer goods, packaging, health and beauty and other industries. We believe that our ability to provide logistics services to our customers for over 20 years would not only enable us to generate stable revenue, but such relationship, can also demonstrate our ability to perform and complete logistics services to a high quality standard and build up our reputation in the logistics industry in the PRC.

Benefiting from the listing status of the Company and the continued support from the customers together with their own business expansion, the Group achieved favourable growth in its business operation which resulted in higher revenue as well as profit for the nine months ended 30 September 2018 as compared with the previous corresponding period of 2017. The Group's major business segments, including transportation services, warehousing services and in-plant logistics services, recorded better performance which on aggregate contributed an increase of approximately 9.0% in the Group's revenue.

During the nine months ended 30 September 2018, the Group has gradually carried out the implementation plans of those business objectives as set out in the Prospectus. In connection with the business objective of upgrading one of the warehouses to strengthen the provision of quality logistics services to our customers, we have commenced initial upgrade works on the construction of infrastructure facilities. On expanding the existing in-plant logistics business in the North China and the East China regions, the Group has participated in the tendering process of potential customers which include several large customers from various industries including beverage, chemical and pharmaceutical businesses. We have also expanded our vehicle fleet by acquiring new trucks and employing additional drivers for our transportation business. In respect of enhancing sales and marketing effort, the Group has participated in some industry exhibitions and conferences and set up a Sales and Marketing Department to oversee the Group's existing and potential customer base as well as to capture additional business opportunities via visits to customers' operation plants in both PRC and overseas. A comparison of the status of the implementation plans with the actual business progress is also provided in a later section of this announcement.

Looking forward, we intend to expand and develop automated storage facilities and systems to improve the capacity and efficiency of our existing warehouses. We believe the installation of automated storage facilities and systems is crucial for maintaining our competitiveness and strengthening our position in the logistics industry in the PRC. We target to finish upgrading the first stage of automation in one of our existing warehouses by the end of 2018. Furthermore, we aim to seek for opportunities to diversify our customer base and enhance our capability in the transportation and warehousing businesses. In anticipation of any potential change in the customers' operation demand for logistics services overseas, the Group will also actively consider to explore business opportunities to accommodate their needs.

Financial Review

Revenue

The revenue of the Group increased by approximately 8.9% from approximately RMB139.5 million for the nine months ended 30 September 2017 to approximately RMB151.9 million for the nine months ended 30 September 2018. The increase was mainly attributable to the increase in the transportation services and the in-plant logistics services during the nine months ended 30 September 2018.

Revenue generated from the transportation services increased by approximately 6.3% from approximately RMB65.1 million for the nine months ended 30 September 2017 to approximately RMB69.2 million for the nine months ended 30 September 2018. During the nine months ended 30 September 2018, the increase of the transportation services was mainly attributable to the increase in the export sea freight forwarding agency services, mainly contributed by the increase in orders from a new customer obtained during the year 2016.

Revenue generated from the warehousing services increased by approximately 4.9% from approximately RMB30.2 million for the nine months ended 30 September 2017 to approximately RMB31.7 million for the nine months ended 30 September 2018. The increase was primarily driven by the increase in orders from our customers.

Revenue generated from the in-plant logistics services increased by approximately 15.9% from approximately RMB43.3 million for the nine months ended 30 September 2017 to approximately RMB50.1 million for the nine months ended 30 September 2018, which was mainly contributed by the increase in orders from our customers.

Revenue generated from the customisation services remained stable at approximately RMB0.9 million for the nine months ended 30 September 2018 (nine months ended 30 September 2017: RMB0.9 million).

Other income, gain and losses

Other income, gain and losses mainly consisted of bank interest income, government subsidies and net exchange gains or losses. For the nine months ended 30 September 2018, a net gain of approximately RMB263,000 (nine months ended 30 September 2017: net gain of approximately RMB60,000) was recognized, mainly attributable to the net exchange gain arising from a customer's settlement of USD-denominated trade receivables which was due to the depreciation of the RMB versus USD during the second and third quarters of 2018, offset by the absence of government subsidies in the nine months ended 30 September 2018.

Employee benefits expenses

Employee benefits expenses primarily consisted of (i) wages and salaries; (ii) social security fund and insurance contribution; and (iii) other allowances and benefits. Our employee benefits expenses amounted to approximately RMB45.0 million and RMB50.5 million for the nine months ended 30 September 2017 and 2018, respectively. The increase in employee benefits expenses of RMB5.5 million over the previous corresponding period was primarily attributable to (i) the increase in the average monthly salary of our staff and workers and (ii) the increase in the overall benefits and the associated social security fund and insurance contribution. Our Group had a total of 866 and 848 full-time employees as at 30 September 2017 and 2018, respectively.

Sub-contracting expenses

Sub-contracting expenses primarily represented the amount paid to our subcontractors for the provision of certain transportation services. Our sub-contracting expenses amounted to approximately RMB43.5 million and RMB44.3 million for the nine months ended 30 September 2017 and 2018, respectively. In general, the subcontractors charged us based on the price stated in the subcontracting agreements which specify the price for each type of services they provided. The increase of sub-contracting expenses was mainly attributable to the increase in the export sea freight forwarding agency services during the nine months ended 30 September 2018, for which we assist our customers to obtain cargo space from shipping companies or shipping agents that meet the customers' requirements through outsourcing to independent subcontractors.

Operating lease rentals

Operating lease rentals increased by 27.6% from approximately RMB15.0 million for the nine months ended 30 September 2017 to approximately RMB19.2 million for the nine months ended 30 September 2018. The increase was mainly attributable to the increase in operating lease rentals in respect of rented premises, including warehouses, office premises and temporary staff quarters (which was due to (i) our newly leased warehouse since April 2017; and (ii) the increase in the monthly rental in accordance with the price adjustment provision stated in the rental agreements), and rented plant and machinery such as forklifts.

Interest expense on bank borrowings

For the nine months ended 30 September 2017, interest expense of approximately RMB1.2 million was incurred on secured bank borrowings. These bank borrowings had been fully repaid in October 2017, and no new bank borrowings were raised subsequently, resulting in nil interest expense for the nine months ended 30 September 2018.

Listing expenses

Non-recurring listing expenses represent the professional and consultancy fees incurred as a result of the preparation for the Listing in 2017. For the nine months ended 30 September 2017, listing expenses of approximately RMB10.4 million were recognized and those expenses were no longer incurred during the nine months ended 30 September 2018.

Other expenses

Other expenses mainly include (i) fleet vehicles operating expense which mainly includes the fuel costs and maintenance expenses of our fleet vehicles; (ii) utilities expense which mainly includes water and electricity expenses; (iii) office and telephone expense which mainly includes general office expenses and long-distance calling fees; (iv) insurance expenses for the warehouses and transportations; (v) entertainment and travelling expenses for business soliciting; and (vi) others which mainly include maintenance expenses for the warehouses, professional fee and other miscellaneous expenses. Our other expenses amounted to approximately RMB15.6 million and RMB14.1 million for the nine months ended 30 September 2017 and 2018, respectively and the decrease was a result of the implementation of tighter cost control policies by the Group.

Profit for the period

As a result of the aforesaid, the Group recorded a profit and total comprehensive income attributable to the owners of the Company of approximately RMB16.1 million for the nine months ended 30 September 2018 (nine months ended 30 September 2017: approximately RMB1.7 million), representing an increase of approximately RMB14.4 million.

Liquidity and Financial Resources

The Group's operation and investments were financed principally by cash generated from its own business operations, bank borrowings and the proceeds from the Listing. As at 30 September 2018, the Group had net current assets of approximately RMB100.7 million (at 31 December 2017: approximately RMB84.2 million) and cash and cash equivalents of approximately RMB67.7 million (at 31 December 2017: approximately RMB45.1 million). The Directors believe that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

Gearing Ratio

As at 30 September 2018 and 31 December 2017, the gearing ratio (calculated on the basis of total bank and other borrowings divided by total equity at the end of the period/year) of the Group is zero.

Capital Structure

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

Foreign Currency Exposure

The Group's business activities are in the PRC and are primarily denominated in RMB. A subsidiary of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

As at 30 September 2018, the Group employed 848 (30 September 2017: 866) full time employees. The total employee benefits expenses of the Group amounted to approximately RMB50.5 million for the nine months ended 30 September 2018 (nine months ended 30 September 2017: approximately RMB45.0 million). We determine the employee's remuneration based on factors such as qualification, job duty, contributions, work experience, the prevailing market conditions and the Company's remuneration policy. Employees' benefits include contributions to retirement schemes and share options under the Company's share option scheme. To enhance the expertise of our employees, the Group also provide them on-the-job training and sponsor them to attend external training courses and seminars.

Charge on the Group's Assets

The Group did not have any charge on its assets as at 30 September 2018 and 31 December 2017.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2018 and 31 December 2017.

Operating Leases Commitments

As at 30 September 2018, the Group had commitments for future minimum leases payments under non-cancellable operating leases in respect of rented premises and plant and machinery of approximately RMB66.9 million (at 31 December 2017: approximately RMB70.0 million).

Capital Commitments

The Group did not have any material capital commitment as at 30 September 2018 (at 31 December 2017: approximately RMB0.7 million).

Material Acquisitions and Disposals of Subsidiaries

During the nine months ended 30 September 2018, the Group had no material acquisition and disposal of subsidiaries.

Significant Investments held by the Group

During the nine months ended 30 September 2018, the Group did not make any significant investments.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2018 is set out below:

Business objectives	Implementation plans	Actual business progress
Upgrading one of the warehouses by installing automated storage facilities and systems	<ul style="list-style-type: none"> • Obtain quotation from service providers and discuss the scope of service with the service providers • Install automated storage facilities and systems in one of the Group's existing warehouses 	<ul style="list-style-type: none"> • Service contracts with service providers have been signed and initial upgrade works on the construction of infrastructure facilities have been commenced.
Expanding the existing in-plant logistics business in the North China and the East China regions	<ul style="list-style-type: none"> • Conduct market research on the industry trend and development especially in the North China and the East China regions • Participate in the tendering process of potential customers • Hire approximately 30 additional staff for the in-plant logistics business • Rent new forklifts and other equipment 	<ul style="list-style-type: none"> • Market researches on the industry trend and development were performed. • The Group has participated in the tendering process of potential customers which include several large customers from the beverage, the chemical and the pharmaceutical industries. • The plan has yet to be implemented. • The plan has yet to be implemented.

Business objectives	Implementation plans	Actual business progress
Expanding vehicle fleet	<ul style="list-style-type: none"> • Acquire two trucks for transportation • Hire approximately eight additional drivers for transportation business 	<ul style="list-style-type: none"> • Two trucks have been purchased and put in use. • Four additional drivers have been on board.
Enhancing sales and marketing effort	<ul style="list-style-type: none"> • Participate in industry exhibitions and trade fairs • Redesign the Company’s website for marketing purpose • Set up a sales and marketing department and hire approximately seven sales specialists 	<ul style="list-style-type: none"> • The Group attended industry exhibitions which include the 2018 Shanghai International Container Exhibition (2018上海國際集裝箱展覽會) in Shanghai, PRC and the Third Global Logistics Technology Conference 2018 (2018第三屆全球物流技術大會) held at Haikou, PRC. • The Company’s website has been redesigned with more graphics and picturesque images and has also been enhanced by adding more company news and industry information. • The Sales and Marketing Department has been set up and four sales specialists were employed. • Staff representatives of the Group visited customers’ new factory plants in overseas in preparation for the potential establishment of the Group’s logistics business overseas.

Use of Proceeds

The net proceeds from the offering of the shares of the Company by way of share offer, net of underwriting commission and relevant expenses, amounted to approximately HK\$38.8 million.

An analysis of the utilisation of the net proceeds from the Listing Date up to 30 September 2018 is set out below:

Use of net proceeds	Planned use of net proceeds (as stated in the Prospectus) <i>HK\$'million</i>	Actual use of net proceeds up to 30 September 2018 <i>HK\$'million</i>	Unutilized net proceeds up to 30 September 2018 <i>HK\$'million</i>
Upgrading one of the warehouses by installing automated storage facilities and systems	18.0	1.2	16.8
Expanding the existing in-plant logistics business in the North China and the East China regions	6.0	–	6.0
Expanding vehicle fleet	4.0	0.9	3.1
Enhancing sales and marketing effort	4.0	0.8	3.2
Repaying bank loans	4.0	4.0	–
General working capital	2.8	2.8	–
Total	<u>38.8</u>	<u>9.7</u>	<u>29.1</u>

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

As at 30 September 2018, approximately HK\$9.7 million out of the net proceeds from the Listing had been used. The unused net proceeds have been deposited in licensed banks.

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

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

As at 30 September 2018, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in the shares of the Company

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

Note:

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

Save as disclosed above, as at 30 September 2018, none of the Directors and the chief executive of the Company or their associates (as defined in the GEM Listing Rules) had any interests and short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2018, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under section 336 of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholders	Capacity	Number and class of securities	Approximate percentage of shareholding
Goal Rise	Beneficial owner	303,300,000 Ordinary shares	37.91%
Ms. Chen Ruihua ("Ms. Chen") (Note 1)	Interest of spouse	303,300,000 Ordinary shares	37.91%
Ms. Wu Xiaojie ("Ms. Wu") (Note 2)	Interest of spouse	303,300,000 Ordinary shares	37.91%
Mr. Zhu Zhijian ("Mr. Zhu") (Note 3)	Interest in a controlled corporation	186,700,000 Ordinary shares	23.34%
Portree Wealth Limited ("Portree Wealth") (Note 3)	Beneficial owner	186,700,000 Ordinary shares	23.34%

Notes:

- Ms. Chen is the spouse of Mr. Li JX and is deemed, or taken to be, interested in the entire shareholding interests of Goal Rise in the Company under the SFO.
- Ms. Wu is the spouse of Mr. Li JM and is deemed, or taken to be, interested in the entire shareholding interests of Goal Rise in the Company under the SFO.
- Portree Wealth is the registered owner holding approximately 23.34% of the issued shares in the Company. The entire issued share capital of Portree Wealth is owned by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in all the shares registered under the name of Portree Wealth.

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

Save as disclosed above, as at 30 September 2018, the Directors are not aware of any other person, other than Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under section 336 of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or options in respect of such share capital.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders of the Company passed on 26 September 2017, the Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”). The principal terms of the Share Option Scheme are set out in section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to the Prospectus. No share option had been granted as at 30 September 2018.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, during the nine months ended 30 September 2018, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. No share option has been granted, lapsed, exercised or cancelled pursuant to such Share Option Scheme since its adoption by the Company and up to the date of this announcement. As at 30 September 2018, none of the Directors or chief executives of the Company held any share options of the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 2018 and up to the date of this announcement.

CORPORATE GOVERNANCE

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

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the nine months ended 30 September 2018 and up to the date of this announcement.

COMPETING INTERESTS

For the nine months ended 30 September 2018, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2018 and up to the date of this announcement, save for the compliance adviser agreement entered into between the Company and CLC International Limited (“CLC”) on 28 September 2017, neither CLC, the Compliance Adviser of the Company, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules (the “Code”). The Company has made specific inquiry with all the Directors, and has not been notified of any non-compliance with the required standard of dealings and the Code by the Directors during the nine months ended 30 September 2018 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee on 26 September 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management procedures of the Group. The Audit Committee currently comprises three Independent Non-executive Directors, namely, Dr. Wan Ho Yuen, Terence, Dr. Wu Ka Chee, Davy and Mr. Shao Wei. Dr. Wan Ho Yuen, Terence is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 and is of the view that such financial statements have been prepared in compliance with the applicable accounting standards, and that adequate disclosures have been made.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any important events affecting the Group, which have occurred subsequent to 30 September 2018 and up to the date of this announcement.

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

Hong Kong, 6 November 2018

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

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