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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: 1529)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019, operating results of Goal Rise Logistics (China) Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") were as follows:

- The consolidated revenue was approximately RMB209.8 million (2018: RMB211.3 million), representing a mild decrease of approximately RMB1.5 million or 0.7% as compared with the year ended 31 December 2018.
- Profit and total comprehensive income for the year was approximately RMB9.3 million (2018: approximately RMB22.2 million), representing a decrease of approximately RMB12.9 million as compared with the year ended 31 December 2018. The decrease was mainly due to the one-off professional services fees of approximately RMB8.9 million incurred for the transfer of listing.
- The basic earnings per share of the Company was approximately RMB1.17 cents (2018: approximately RMB2.78 cents).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2019, together with the audited comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
Revenue	3	**209,750**	211,271
Other income, gains and losses		**1,825**	689
Employee benefits expenses		**(75,456)**	(71,992)
Sub-contracting expenses		**(61,955)**	(61,681)
Operating lease rentals		**–**	(21,907)
Depreciation of property, plant and equipment		**(2,076)**	(2,953)
Depreciation of right-of-use assets		**(17,166)**	–
Interest expense on lease liabilities		**(2,914)**	–
Professional fee relating to transfer of listing	1	**(8,867)**	–
Other expenses		**(27,185)**	(23,157)
Profit before taxation		**15,956**	30,270
Income tax expenses	5	**(6,635)**	(8,033)
Profit and total comprehensive income for the year	6	**9,321**	22,237
Earnings per share	7		
— Basic, RMB cents		**1.17**	2.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**19,803**	6,102
Right-of-use assets		**72,031**	–
Rental deposits		**3,097**	3,326
Deferred tax assets		**385**	–
		95,316	9,428
CURRENT ASSETS			
Trade and other receivables and prepayments	*8*	**68,867**	81,492
Bank balances and cash		**71,419**	64,284
		140,286	145,776
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	*9*	**30,540**	32,118
Lease liabilities		**15,318**	–
Tax payable		**5,894**	6,244
		51,752	38,362
NET CURRENT ASSETS		**88,534**	107,414
TOTAL ASSETS LESS CURRENT LIABILITIES		**183,850**	116,842
NON-CURRENT LIABILITY			
Lease liabilities		**57,687**	–
NET ASSETS		**126,163**	116,842
CAPITAL AND RESERVES			
Share capital	*10*	**6,761**	6,761
Reserves		**119,402**	110,081
TOTAL EQUITY		**126,163**	116,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

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

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of logistics services. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 October 2017 (the "**Listing**") and have been transferred from GEM of the Stock Exchange to the Main Board of the Stock Exchange with effect from 19 December 2019 (the "**Transfer of Listing**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is same as the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and interpretations in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

HKFRS 16 *"Leases"*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entity at the date of initial application. The weighted average incremental borrowing rate applied is 5.16%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**67,366**
Lease liabilities discounted at relevant incremental borrowing rates	**53,309**
Less: Recognition exemption — short-term leases	**(215)**
Practical expedient — leases with lease term ending within 12 months from the date of initial application	**(9)**
Lease liabilities as at 1 January 2019	**53,085**
Analysed as	
Current	**13,028**
Non-current	**40,057**
	53,085

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**53,085**
Adjustments on rental deposits at 1 January 2019 *(Note)*	**426**
	53,511

Note: Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB426,000 was adjusted to refundable rental deposits paid and right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Right-of-use assets	–	53,511	53,511
Rental deposits	3,326	(426)	2,900
Current liabilities			
Lease liabilities	–	13,028	13,028
Non-current liabilities			
Lease liabilities	–	40,057	40,057

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Amendments to HKAS 1 and HKAS 8 *"Definition of Material"*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;

- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;

- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;

- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and

- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

The Group has not early applied any new and amendments to HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(a) Disaggregation of the Group's revenue from contracts with customers

	2019	2018
	RMB'000	*RMB'000*
Types of services		
Transportation service	**96,607**	97,684
Warehousing service	**40,334**	43,014
In-plant logistics service	**72,013**	69,415
Customisation service	**796**	1,158
Total	**209,750**	211,271
Timing of revenue recognition		
Over time	**208,954**	210,113
At a point in time	**796**	1,158
	209,750	211,271

All services are provided within a period of less than one year. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

(b) Performance obligations for contracts with customers

The performance obligations for contracts with customers of the Group's major sources of revenue are as follow:

- Transportation service: delivery of the customers' inventory to their downstream clients, manufacturing plants and/or designated locations. The transportation services mainly cover across the PRC and in Egypt.

- Warehousing service: provision of inventory storage and management services in the Group's warehouses located in the PRC with specified physical conditions.

- In-plant logistics service: provision of a 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) delivery of finished goods to the factory gates of the relevant customers deployed by staff of the Group at its customers' manufacturing plants.

- Customisation service: provision of labelling services (i.e. sticking labels onto the surface of the inventory according to customers' instructions) and the bundling services (i.e. bundling the inventory to facilitate handling and transportation) generally provided inside the Group's warehouses.

The Group recognises its revenue from the provision of the transportation service, warehousing service and in-plant logistics service over time as the customers receive and consume the benefits of the Group's performance as it occurs. The Group recognises its revenue from customisation service at a point in time when the customers accept the services and the Group has present right to payment and collection of the consideration is probable.

4. SEGMENT INFORMATION

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

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

Segment revenue and results

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

For the year ended 31 December 2019

	Transportation service *RMB'000*	**Warehousing service** *RMB'000*	**In-plant logistics service** *RMB'000*	**Customisation service** *RMB'000*	**Total** *RMB'000*
Revenue					
External sales	96,607	40,334	72,013	796	209,750
Results					
Segment results	21,752	3,910	14,247	309	40,218
Unallocated corporate income					1,698
Unallocated corporate expenses					(25,960)
Profit before taxation					15,956

For the year ended 31 December 2018

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Total *RMB'000*
Revenue					
External sales	97,684	43,014	69,415	1,158	211,271
Results					
Segment results	21,994	6,802	13,460	535	42,791
Unallocated corporate income					689
Unallocated corporate expenses					(13,210)
Profit before taxation					30,270

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

Segment assets and liabilities

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

Other segment information

For the year ended 31 December 2019

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Segment Total *RMB'000*	Corporate *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment results:							
Depreciation of property, plant and equipment	702	1,223	23	–	1,948	128	2,076
Depreciation of right-of-use assets	556	15,949	–	–	16,505	661	17,166
Loss on disposal of property, plant and equipment	–	–	–	–	–	6	6

For the year ended 31 December 2018

	Transportation service *RMB'000*	Warehousing service *RMB'000*	In-plant logistics service *RMB'000*	Customisation service *RMB'000*	Segment Total *RMB'000*	Corporate *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment results:							
Depreciation of property, plant and equipment	669	1,369	11	–	2,049	904	2,953
Loss on disposal of property, plant and equipment	–	–	–	–	–	7	7

Geographical information

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

Information about major customers

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

	2019 *RMB'000*	2018 *RMB'000*
Customer A	**65,023**	43,914
Customer B	**58,355**	54,301
Customer C	**55,714**	76,269
	179,092	174,484

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

5. INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Current tax charges:		
PRC Enterprise Income Tax ("**EIT**") — current year	**7,020**	8,033
Deferred tax credits:		
Current year	**(385)**	–
	6,635	8,033

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong. PRC EIT is calculated at 25% of the estimated assessable profits for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. PROFIT FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration:		
— Fees	**272**	264
— Salaries and other allowances	**1,227**	1,256
— Discretionary bonus	**1,496**	–
— Retirement benefit scheme contributions	**90**	84
	3,085	1,604
Other staff salaries and other allowances	**58,362**	56,207
Retirement benefit scheme contributions, excluding those of directors	**14,009**	14,181
Total employee benefits expenses	**75,456**	71,992
Fleet operating expenses	**5,128**	6,072
Auditor's remuneration		
— Audit services	**1,151**	902
— Non-audit services (included in professional fee relating to transfer of listing)	**1,297**	–
Loss on disposal of property, plant and equipment	**6**	7
Bank interest income	**(641)**	(409)
Interest income from rental deposits	**(127)**	-
Government grants *(Note)*	**(589)**	(103)
Exchange gains	**(414)**	(153)

Note: The government grants mainly represented the annual payment to the Group for maintaining lower unemployment rate and the value-added tax ("**VAT**") credit granted under the new VAT policy effective 1 April 2019. For the year ended 31 December 2018, the amount included grants for early retirement of motor vehicles which did not comply with latest environmental regulatory requirement with no unfulfilled conditions attached before recognition.

7. EARNINGS PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**9,321**	22,237

	2019	2018
Number of shares		
Number of shares for the purpose of basic earnings per share (in thousands)	**800,000**	800,000

No diluted earnings per share was presented for the year ended 31 December 2019 or 2018 as there was no potential ordinary share outstanding in either year.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	RMB'000	*RMB'000*
Trade receivables from contracts with customers, gross and net	**65,018**	77,796
Prepayments and other receivables	**3,849**	3,696
	68,867	81,492

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB64,975,000.

For long-term customers with good credit quality and payment history, the Group allows credit period of no longer than 120 days. For other customers, the Group demands for full settlement upon issuance of invoice after the provision of services.

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**25,697**	31,753
31 to 60 days	**17,351**	18,883
61 to 90 days	**15,420**	17,997
Over 90 days	**6,550**	9,163
	65,018	77,796

9. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**15,311**	21,657
Accrued employee benefits	**8,237**	6,745
Other payables and accrued expenses	**6,992**	3,716
	30,540	32,118

The credit period of trade payables is ranging from 30 to 90 days.

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**7,376**	11,678
31 to 60 days	**4,383**	4,994
61 to 90 days	**3,495**	4,962
Over 90 days	**57**	23
	15,311	21,657

10. SHARE CAPITAL

	Number of shares	Share capital
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018 and 2019	**10,000,000,000**	**100,000,000**
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 2019	**800,000,000**	**8,000,000**

	2019	2018
	RMB'000	*RMB'000*
Shown in the consolidated statement of financial position	**6,761**	6,761

11. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The Group offers transportation services which primarily involve the delivery of the customers' production materials, components and finished goods to their downstream clients, manufacturing plants and/or designated locations. The Group has five warehouses located in the Guangdong Province with a total gross floor area of approximately 50,000 square metres which offer warehousing services to customers. The Group's 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 the customers' manufacturing plants; and (ii) finished goods out to their factory gate. The Group's range of services gives it a competitive advantage over other logistics service providers in the PRC which offer only a limited range of services.

With a proven track record of providing flexible, reliable and timely logistics services in the logistics industry, the Group has established a broad customer base comprising customers from various industries, including pharmaceutical, fast-moving consumer goods, packaging, health and beauty and other industries. The Group trusts that its ability to provide logistics services to customers for more than two decades would not only enable the Group to generate stable revenue, but also demonstrate its strength to perform logistics services at a high quality standard and build up its reputation in the logistics industry in the PRC. During the year under review, the Group secured new customers engaging in the food industry which helped the Group to further broaden its customer base.

Since Listing, the Group has gradually carried out the implementation plans of those business objectives as set out in the prospectus of the Company dated 29 September 2017 (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, the Group has completed initial upgrade works on the construction of infrastructure facilities and contracted with service providers for the design and installation of automated storage facilities and software systems enhancement in one of the warehouses. Preparation works for installation of the automated storage facilities and air-conditioning systems have been commenced since the first quarter of 2019. The installation of which has been completed, pending trial run. On expanding the existing in-plant logistics business in the North China and East China regions, the Group has participated in the tendering process of potential customers which include several large customers from various industries including beverage, textile and pharmaceutical businesses. The Group has also expanded its vehicle fleet by acquiring new trucks and employing additional drivers for its 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. In late 2018, the Group set up a company in Egypt aiming for expansion of its logistics business overseas and currently, the Group offers domestic logistics management services and international freight forwarding agency services in Egypt. A comparison of the status of the implementation plans with the actual business progress is also provided in a later section of this announcement.

The Group has successfully undergone the Transfer of Listing from GEM to the Main Board of the Stock Exchange on 19 December 2019, which marked a new milestone in the Company's development. The Directors are confident that the Main Board trading platform will enhance the corporate profile and public recognition of the Group, which further enhance the business prospects of the Group, add to its competitive strengths and create long-term value to its shareholders.

Outlook

In 2020, the Coronavirus Disease 2019 (COVID-19) (the "**Epidemic**") outbreak has brought additional challenges in the Group's operating environment in China. Due to the outbreak of the Epidemic across the mainland China, a number of provinces have taken various emergency public health measures and other actions to prevent the spread of the Epidemic, including imposing restriction on the resumption date of work after the Chinese New Year Holidays. As far as the Group's businesses are concerned, the Epidemic has caused some operational delays to the Group's customers' businesses and in turn led to a lower demand for our services including in-plant logistics, transportation and warehousing.

The Group will continue to assess the impact of the Epidemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the Epidemic on an ongoing basis. In addition, cost savings initiatives will be intensified in view of the challenging conditions.

Looking forward, capitalising on the continued expansion and development of automated storage facilities and systems in our warehouses, the Group is confident that it can maintain its competitiveness and strengthen its market position in the logistics industry in the PRC. The Group will continue to render high quality services to its existing customers as well as actively solicit new customers. Apart from having participated in the tenders for provision of in-plant logistics services, the Group has also currently participated in the tenders of some potential large-scale customers from the food and beverage businesses, hoping to generate further revenue for the Group's transportation service and warehousing service segments. Moreover, the Group aims to fully leverage the strengths of the company in Egypt to provide freight forwarding agency services to more Chinese enterprises in the region. The Group also expects to actively diversify the logistics services to a broader spectrum of industries, which in anticipation of any potential change in the customers' operation demand for logistics services, the Group will also actively consider to explore business opportunities to accommodate their needs.

Financial Review

Revenue

The revenue of the Group slightly decreased by approximately 0.7% from approximately RMB211.3 million for the year ended 31 December 2018 to approximately RMB209.8 million for the year ended 31 December 2019. The decrease was mainly attributable to the decrease in the transportation services and warehousing services during the year ended 31 December 2019.

Revenue generated from the transportation services recorded a mild decrease of approximately 1.1% from approximately RMB97.7 million for the year ended 31 December 2018 to approximately RMB96.6 million for the year ended 31 December 2019. The decrease in the transportation services was mainly attributable to a decrease in customers' orders for domestic transportation services during the year ended 31 December 2019, which was partly offset by the increase in customers' orders for the international freight forwarding agency services and additional revenue generated from the expansion of transportation business overseas in Egypt.

Revenue generated from the warehousing services decreased by approximately 6.2% from approximately RMB43.0 million for the year ended 31 December 2018 to approximately RMB40.3 million for the year ended 31 December 2019. The decrease in revenue was mainly due to the decrease in leasable storage area owing to the expiration of the lease of one of the warehouses which had not been renewed since the end of 2018.

Revenue generated from the in-plant logistics services increased by approximately 3.7% from approximately RMB69.4 million for the year ended 31 December 2018 to approximately RMB72.0 million for the year ended 31 December 2019, which was mainly contributed by the increase in orders from our customers for the provision of in-plant logistics services in their manufacturing plants.

Revenue generated from the customisation services amounted to approximately RMB1.2 million and RMB0.8 million for the year ended 31 December 2018 and 31 December 2019, respectively. The revenue contributed by this segment is subject to the demand for the Group's labelling and bundling services from its customers on an as-needed basis.

Other income, gains and losses

Other income, gains and losses mainly consisted of bank interest income, government grants and net exchange gains or losses. For the year ended 31 December 2019, a net gain of approximately RMB1.8 million (2018: net gain of approximately RMB0.7 million) was recognised, mainly representing (i) an increase in net exchange gain arising from the re-translation of foreign currency denominated monetary items, (ii) government grants received as reward for employment stabilisation of the Group, (iii) an increase in bank interest income, (iv) value-added tax credit and (v) recognition of interest income from rental deposits due to the adoption of HKFRS 16.

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. The Group's employee benefits expenses amounted to approximately RMB72.0 million and RMB75.5 million for the year ended 31 December 2018 and 31 December 2019, respectively. The increase in employee benefits expenses of approximately RMB3.5 million as compared to that of the year ended 31 December 2018 was primarily attributable to the increase in the average monthly salary of our staff and workers and provision of directors' bonus, partly offset by the decrease in the associated social security fund and insurance contribution. The Group had a total of 865 and 828 full-time employees as at 31 December 2018 and 31 December 2019, respectively.

Sub-contracting expenses

Sub-contracting expenses primarily represented the amount paid to subcontractors for the provision of certain transportation services. The Group's sub-contracting expenses amounted to approximately RMB62.0 million for the year ended 31 December 2019 (2018: approximately RMB61.7 million). In general, the subcontractors charged the Group based on the price stated in the subcontracting agreements which specify the price for each type of services they provided. Sub-contracting expenses were mainly incurred for the orders for international freight forwarding agency services by our customers during the year ended 31 December 2019, whereby the Group, through outsourcing to independent subcontractors, assisted the customers to obtain cargo space from shipping companies or shipping agents that meet their requirements.

Operating lease rentals and depreciation of right-of-use assets

Operating lease rentals include the lease rentals in respect of (i) rented premises comprising warehouses, office premises and temporary staff quarters; and (ii) rented plant and machinery and office equipment such as forklifts. Due to the adoption of HKFRS 16 as stated in note 2 above, operating lease rentals were nil for the year ended 31 December 2019 (2018: RMB21.9 million). Upon adoption of HKFRS 16 on 1 January 2019, the Group has recognised right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases and leases of low value assets. Under HKFRS 16, right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of the lease term and its useful life. As a result, depreciation of right-of-use assets of approximately RMB17.2 million was recognised for the year ended 31 December 2019.

Interest expense on lease liabilities

Upon adoption of HKFRS 16 on 1 January 2019, the lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. As a result, an interest expense on lease liabilities of approximately RMB2.9 million was recognised for the year ended 31 December 2019.

Professional fee relating to transfer of listing

During the year ended 31 December 2019, the Company submitted an application to the Stock Exchange in relation to the Transfer of Listing and the Transfer of Listing was completed on 19 December 2019. Accordingly, non-recurring professional and consultancy fees of approximately RMB8.9 million were incurred for the Transfer of Listing for the year ended 31 December 2019 while the Group did not incur any of such listing expenses for the year ended 31 December 2018.

Other expenses

Other expenses mainly include (i) fleet vehicles operating expenses which mainly include fuel costs and maintenance expenses of our fleet vehicles; (ii) utilities expenses which mainly include water and electricity expenses; (iii) office and telephone expenses which mainly include 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 fees and other miscellaneous expenses. Other expenses amounted to approximately RMB23.2 million and RMB27.2 million for the year ended 31 December 2018 and 31 December 2019, respectively, and such increase was primarily due to an increase in entertainment and travelling for business soliciting and additional professional fees incurred for the Company's listing status.

Profit and total comprehensive income for the year

As a result of the aforesaid, the Group recorded a profit and total comprehensive income for the year of approximately RMB9.3 million for the year ended 31 December 2019 (2018: approximately RMB22.2 million), representing a decrease of approximately RMB12.9 million.

Liquidity and financial resources

The Group's operation and investments were financed principally by cash generated from its own business operations and the proceeds from the Listing. As at 31 December 2019, the Group had net current assets of approximately RMB88.5 million (at 31 December 2018: approximately RMB107.4 million) and cash and cash equivalents of approximately RMB71.4 million (at 31 December 2018: approximately RMB64.3 million). The Directors confirm that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

Gearing ratio

As at 31 December 2019, the gearing ratio (calculated on the basis of total lease liabilities divided by total equity at the end of the year) of the Group was 57.9% (at 31 December 2018: zero). The Group did not have any bank and other borrowings as at 31 December 2019. Such increase in gearing ratio was solely attributable to the recognition of lease liabilities due to the adoption of HKFRS 16 during the year ended 31 December 2019.

Capital structure

The Company successfully transferred the listing of its shares from GEM to the Main Board of the Stock Exchange on 19 December 2019. There has been no change in the capital structure of the Company arisen from the Transfer of Listing and up to the date of this announcement. The capital structure of the Group consisted of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Group did not have any bank borrowing as at 31 December 2019 and up to the date of this announcement. 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.

Foreign currency exposure

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

Charge on the Group's assets

The Group did not have any charge on its assets as at 31 December 2019 (at 31 December 2018: nil).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2019 (at 31 December 2018: nil).

Capital commitments

As at 31 December 2019, the Group had a total capital commitment of approximately RMB7.2 million (at 31 December 2018: approximately RMB14.8 million), representing capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment.

Material acquisitions and disposals of subsidiaries

During the year ended 31 December 2019, the Group had no material acquisition and disposal of subsidiaries.

Significant investments held by the Group

During the year ended 31 December 2019, the Group did not make any significant investments.

Employees and remuneration policies

As at 31 December 2019, the Group employed 828 (at 31 December 2018: 865) full time employees. The Group determines the employee's remuneration based on factors such as qualification, duty, contributions, work experience, the prevailing market conditions and the Group's remuneration policy. Employees' benefits include contributions to retirement scheme and share options under the Company's share option scheme. To enhance the expertise of our employees, the Group also provides them on-the-job training and sponsors them to attend external training courses and seminars.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the sections headed "Comparison of business objectives with actual business progress" and "Use of proceeds" of this announcement, the Group does not have any concrete plan for material investments or capital assets for the coming year.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the date of the Listing to 31 December 2019 is set out below:

Business objectives	Implementation plans	Actual business progress
Upgrading one of the warehouses by installing automated storage facilities and systems	• Obtain quotation from service providers and discuss the scope of service with the service providers	• Service contracts with service providers have been signed and initial upgrade works on the construction of infrastructure facilities have been completed.
	• Install automated storage facilities and systems in one of the Group's existing warehouses	• The Group has entered into contracts with service providers for the design and installation of automated storage facilities and equipment and software systems enhancement in one of the warehouses. Preparation works for installation of the automated storage facilities and air-conditioning systems have been commenced in the first quarter of 2019. The installation has been completed as at the date of this announcement, pending trial-run.
Expanding the existing in-plant logistics business in the North China and East China regions	• Conduct market research on the industry trend and development especially in the North China and East China regions	• Market researches on the industry trend and development were performed.
	• Participate in the tendering process of potential customers	• The Group has participated in the tendering process of potential customers which include several large customers from the beverage, textile and pharmaceutical industries.
	• Hire approximately 30 additional staff for the in-plant logistics business	• The Group has hired over 30 additional staff for the in-plant logistics business.
	• Rent new forklifts and other equipment	• The plan has yet to be implemented.
Expanding vehicle fleet	• Acquire four trucks for transportation	• Four trucks have been purchased and put in use.
	• Hire approximately ten additional drivers for transportation business	• Seven additional drivers have been on board.

Business objectives	Implementation plans	Actual business progress
Enhancing sales and marketing efforts	• Participate in industry exhibitions and trade fairs	• The Group attended industry exhibitions which include the 2018 Shanghai International Container Exhibition (2018上海國際集裝箱展覽會) held in Shanghai, PRC, the Third Global Logistics Technology Conference 2018 (2018第三屆全球物流技術大會) held at Haikou, PRC and the Guangdong 21st Century Maritime Silk Road International Expo Theme Forum 2019 (2019廣東21世紀海上絲綢之路國際博覽會主題論壇) held at Guangzhou, PRC.
	• Redesign and maintain the Company's website for marketing purpose	• 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.
	• Set up a sales and marketing department and hire approximately seven sales specialists	• 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 overseas and a company has been set up in Egypt for expansion 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 date of the Listing up to 31 December 2019 is set out below:

	Planned use of net proceeds (as stated in the Prospectus) *HK$'million*	**Planned use of net proceeds (as stated in the Prospectus) up to 31 December 2019** *HK$'million*	**Actual use of net proceeds up to 31 December 2019** *HK$'million*
Upgrading one of the warehouses by installing automated storage facilities and systems	18.0	18.0	15.8
Expanding existing in-plant logistics business in the North China and East China regions	6.0	6.0	2.8
Expanding vehicle fleet	4.0	4.0	2.7
Enhancing sales and marketing efforts	4.0	4.0	2.6
Repaying the bank loans	4.0	4.0	4.0
General working capital	2.8	2.8	2.8
Total	38.8	38.8	30.7

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

As at 31 December 2019, approximately HK$30.7 million of the net proceeds from the Listing had been used. The unused net proceeds have been deposited in licensed banks.

In connection with the business objective of upgrading one of the warehouses with automated storage facilities and systems, the Group commenced the initial upgrade works on the construction of infrastructural facilities of the designated warehouse and preparation works for installation of the automated storage facilities and air-conditioning systems since the year ended 31 December 2018. The installation of automated storage facilities and systems in the designated warehouse was originally scheduled to be completed during the year ended 31 December 2018. However, due to the unanticipated conditions in completing the power-supply infrastructural facilities of the designated warehouse, additional time and work have been taken for proceeding with the modification and installation of other facilities including the air-conditioning systems and the automated storage facilities. As a result, the completion of the automation upgrade of the designated warehouse has been extended to the year ended 31 December 2019 by the Group after conducting more cautious review on its capital expenditure plans and business development requirements. Subject to the progress of trial-run of the automated storage facilities and systems, the Group hopes that the commencement of its operational use will be in the second quarter of 2020.

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.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders of the Company passed on 26 September 2017, the Company has adopted a share option scheme (the "**Share Option Scheme**"). The principal terms of the Share Option Scheme are set out in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to the Prospectus. The Share Option Scheme remains effective following the Transfer of Listing. No share options had been granted as at 31 December 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, during the year ended 31 December 2019, 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 31 December 2019, 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 year ended 31 December 2019 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders of the Company.

To accomplish this, the Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules (applicable to the Company prior to the Transfer of Listing) and Appendix 14 to the Listing Rules (applicable to the Company immediately after the Transfer of Listing).

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the year ended 31 December 2019 and up to the date of this announcement.

COMPETING INTERESTS

For the year ended 31 December 2019, 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 that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

COMPLIANCE ADVISER'S INTERESTS

As at 31 December 2019 and up to the date of this announcement, as notified by Titan Financial Services Limited ("**Titan**"), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and Titan on 2 February 2019, neither Titan nor any of its directors, employees or close associates (as defined in the Listing Rules) had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in the GEM Listing Rules (applicable to the Company prior to the Transfer of Listing), and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (applicable to the Company immediately after the Transfer of Listing), as its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and the code of conduct adopted by the Company and there was no event of non-compliance throughout the year ended 31 December 2019 and up to the date of this announcement.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (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 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 audited consolidated financial statements for the year ended 31 December 2019 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.

EVENTS AFTER THE REPORTING PERIOD

The outbreak of a respiratory virus caused by Novel Coronavirus, or known as the COVID-19, in the PRC, has affected the Group's various businesses to different extents. Since its outbreak in January 2020, the directors of the Company have closely monitored its developments and kept regular communications with the Group's customers, subcontractors, and other parties concerned to understand whether there would be any significant impacts on the Group's businesses. The Group has suffered from some operational delays for its transportation and warehousing services due to the travel restrictions and home quarantine requirements implemented by the PRC Government. In addition, coupled with the Chinese New Year Holidays and the government measures requiring temporary closure of customers' manufacturing plants, the Group's in-plant logistics and customisation services had experienced a delay in service resumption ranging from few days to few weeks in February 2020.

Based on the currently available information, the directors of the Company considered that the Group's operations have not been materially and adversely affected by the coronavirus outbreak. They also concluded that the chance of the Group's operations being severely affected in the short-term is mild. However, given the inherent unpredictable nature and rapid development relating to the COVID-19 outbreak, depending on its degree of impact on the overall economy, the Group's business might be affected. The directors of the Company will continue to closely monitor the situation.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on Wednesday, 27 May 2020. A notice convening the AGM will be published in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 May 2020 to Wednesday, 27 May 2020, both days inclusive during which no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 20 May 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.goalrise-china.com). The annual report of the Group for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 23 March 2020

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.