展程控股有限公司

GOAL FORWARD HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8240

ANNUAL REPORT 2018

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

CONTENTS

BOARD OF DIRECTORS
Executive Directors
Mr. Liu Chi Ching *(Chairman)*
Ms. Wu Shuk Kwan *(Chief Executive Officer)*

Non-executive Director
Mr. Wong Chung Yeung

Independent non-executive Directors
Ms. Li On Lei
Mr. Ng Ki Man
Mr. Lo Siu Kit

BOARD COMMITTEES
Audit Committee
Mr. Ng Ki Man *(Chairman)*
Ms. Li On Lei
Mr. Lo Siu Kit

Nomination Committee
Mr. Liu Chi Ching *(Chairman)*
Ms. Li On Lei
Mr. Ng Ki Man
Mr. Lo Siu Kit

Remuneration Committee
Ms. Li On Lei *(Chairman)*
Mr. Ng Ki Man
Mr. Lo Siu Kit
Mr. Liu Chi Ching

COMPANY SECRETARY
Ms. Yim Sau Ping

AUTHORISED REPRESENTATIVES
Mr. Liu Chi Ching
Ms. Yim Sau Ping

COMPLIANCE OFFICER
Ms. Wu Shuk Kwan

COMPLIANCE ADVISER
Frontpage Capital Limited
26/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

AUDITOR
PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS
CFN Lawyers in association with Broad and Bright
Room 4101-04, 41/F, Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Workshop No. A-B, 1/F
Sunking Factory Building
No. 1-7 Shing Chuen Road
Shatin
New Territories
Hong Kong

PRINCIPAL BANKS
OCBC Wing Hang Bank Limited
China Construction Bank (Asia) Corporation Limited

STOCK CODE
8240

COMPANY'S WEBSITE
www.cyfood.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

2017 has been a busy year for the Group. The dynamic market environment and evolving customer demands have led us to continuously recognise different customers' needs and hence reposition our future strategies and planning. While the Hong Kong economy seems to be gradually recovering, consumers remained conservative in the spending on food and beverages impacting food service operators' selections of food ingredients. To sustain our market position, we have broadened the Group's products collection through exploring new ingredient sources to reinforce the supports and demands of current and new distribution channels. The Group also acknowledges the importance of product diversification and during the year we ceaselessly sought ways to strategise and add value to our products, therefore creating more value in the offerings and filling in the gaps of the supply chains for our customers. In spite of the market challenges, the Group was able to sustain its competitiveness and generate a total revenue of approximately HK$176.8 million for the year ended 31 March 2018 as compared to approximately HK$166.3 for the year ended 31 March 2017, and a net profit of HK$22.9 million for the year ended 31 March 2018 as compared to approximately HK$3.4 million for the year ended 31 March 2017 demonstrating positive growth in the results despite the challenging environment.

Together with the support of our shareholders and stakeholders, we are pleased that the Group has also successfully attained a new production site in the second half of the year. To support the expansion plan, the new site will certainly enable the Group to grow the current business and to explore new business opportunities and market segments that are yet to be developed. While high food safety standards have always been an essential consideration in the Group's business strategies, to maintain the standards we value, the Group intends to implement the use of advance and innovative equipment which could further enhance the assurance of food safety. We believe the expansion provides a great platform for the Group to exploit business opportunities and further strengthen the Group's market position in the industry.

PROSPECT

While the Hong Kong market is expected to remain highly competitive in 2018, the local economic conditions seem to have stabilised as compared to previous years. Consumers are becoming increasingly demanding when it comes to understanding the food being consumed everyday, bringing the additional transparency needs to our operation processes. In view of the demands, we are looking forward to emphasize our works on different traceability programs and to refine the current operations processes further through the establishment of the new production facility. We are confident the new production site will generate new insights to the industry and with our ability to excel with the strengths of the Group as a Hong Kong based company, we will continue to attune to the dynamic market environment and shall continue to strive for success.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all shareholders, investors and business partners for their continuous support to the Group. The growth of the business would not be attained without the efforts from the Group's management team and the unwavering commitment of our staff, as such, I would also like to express my appreciation to all fellow Directors, management and staff for striving through the challenges and escalate the Company further. We shall continue to perform and take the company to the forefront among the industry and maximise values for our Shareholders.

Liu Chi Ching
Chairman

Hong Kong
20 June 2018

BUSINESS REVIEW

The Group is a food ingredients supplier with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. It supplies food ingredients to over 700 customer outlets and offers more than 1,300 types of food ingredients to the customers.

For the year ended 31 March 2018, the Group recorded a net profit of approximately HK$22.9 million as compared to net profit of approximately HK$3.4 million for the same period in 2017. The Directors are of the view that the increase in the Group's net profit during the year ended 31 March 2018 was mainly attributable to the non-recurring listing expenses of approximately HK$14.0 million in 2017. Setting aside the non-recurring listing expenses, the Group's net profit for the year ended 31 March 2017 would have been approximately HK$17.5 million. The net profit for year ended 31 March 2018 would represent an increase of 30.9% as compared to the year ended 31 March 2017 after excluding the non-recurring listing expenses. The Directors are of the view that the increase was mainly attributable to the (i) increase in gross profit margin; and (ii) increase in revenue.

OUTLOOK

The Shares of the Company were listed on GEM of the Stock Exchange by way of placing (the "**Listing**") on 13 October 2016 (the "**Listing Date**"). The Directors believe that the Listing could enhance the profile and recognition of the Group and its products and services and hence further strengthen the existing and potential customers' and suppliers' confidence in the Group. The net proceeds from the placing will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the vegetables and fruits supply services industry.

The Group is in the course of negotiations with existing customers and potential new customers, including groups with sizeable operations, who have expressed their intention to invite us to expand the existing supply scope or to support the development of their new outlets. In addition, with the success of exploring new sources of vegetables and fruits supplies, the Group shall sustain its competitiveness within the market and shall continue to strive and achieve the business objectives as stated in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**").

Revenue

The Group's revenue for the year ended 31 March 2018 was approximately HK$176.8 million, representing an increase of approximately 6.3% from approximately HK$166.3 million for the year ended 31 March 2017, which was primarily attributable to the increase in supplies of customer outlets and variations in product mix.

Cost of sales

The Group's cost of sales for the year ended 31 March 2018 was approximately HK$132.3 million, representing an increase of approximately 0.8% from approximately HK$131.2 million for the year ended 31 March 2017, which was in tandem with the revenue growth over the same period.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2018 were approximately HK$44.6 million, representing an increase of approximately 27.1% from approximately HK$35.1 million for the year ended 31 March 2017. The Group's gross profit margin for the year ended 31 March 2018 was approximately 25.2%, representing an increase of approximately 4.1 percentage points as compared to approximately 21.1% for the year ended 31 March 2017. The increase in gross profit was mainly due to the combined effect of (i) the increased cost management measures in the procurement of food ingredients from our suppliers; and (ii) a variation of the mix of goods procured by customers.

Selling and administrative expenses

The Group's selling and administrative expenses for the year ended 31 March 2018 were approximately HK$17.1million, representing a decrease of approximately 37.8% from approximately HK$27.5 million for the year ended 31 March 2017, primarily due to the effects of the non-recurring listing expenses incurred for the year ended 31 March 2017. Setting aside the non-recurring listing expenses, the increase in selling and administrative expenses was mainly due to the increase of staff costs to retain higher caliber employees.

Finance costs

Finance costs of the Group increased by approximately 48.4% from approximately HK$833,000 for the year ended 31 March 2017 to approximately HK$430,000 for the year ended 31 March 2018. The decrease in finance costs was mainly attributable to decrease in interest expense on bank borrowing during the year ended 31 March 2018.

Share of profit/loss of a joint venture

During the year ended 31 March 2018, the Group recorded a share of profit of a joint venture of approximately HK$14,000 as compared with loss of approximately HK$147,000 for the year ended 31 March 2017 mainly because the joint venture was in the early stage of developing its business during the year ended 31 March 2017.

Profit attributable to equity holders of the Company

As a result of the foregoing, the Group's profit attributable to equity holders of the Company for the year ended 31 March 2018 amounted to approximately HK$22.9 million, representing an increase of approximately 573.5% as compared with profit of approximately HK$3.4 million for the year ended 31 March 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2018.

Business plan as set out in the Prospectus	**Progress up to 31 March 2018**
Acquisition of new processing base, facilities and equipment	
– Downpayment for acquiring additional industrial premises of approximately 9,000 to 10,000 sq.ft. in the industrial zone in New Territories as a new processing base of the Group	The Group has acquired a new premises as a new processing base in January 2018
– Fitting out, renovation and installation of the new processing base	The Group is in the progress of renovating the new processing base
– Acquire additional facilities and machines, such as washing and drying machines, various cutting machines and chemical detection devices	The Group has paid deposits for acquiring additional facilities and machines
– Evaluate the efficiency of new processing base and assess for the need for additional facilities and machines	Due to postponement in schedule, the evaluation and assessment are deferred
Further strengthening our manpower	
– Recruit two additional sales personnel to expand the sales team	The Group has recruited additional sales personnel to expand the sales team
– Recruit approximately 15 additional operation staff to improve the processing capacity	The Group has recruited additional operation staff to improve the processing capacity
– Recruit an additional procurement personnel to further strengthen the sourcing network	Shortage of right calibre and schedule is deferred
– Assess the sufficiency of our labour resources having to the business Development	Labour resources remain fully adequate and manageable

Expansion of logistic team

– Acquire four additional chilled 5.5 tonne trucks and two non-chilled 5.5 tonne trucks	Four additional trucks have been acquired. Due to labour shortage, the acquisition schedule is deferred
– Recruit approximately twelve additional distribution staff responsible for driving and delivering	Due to distribution staff shortage, the schedule has been deferred
– Maintain the cost of additional trucks acquired and distribution staff recruited	The proceeds have not been fully utilised due to shortage of labour resources

Enhancement of sales channels

– Enhance the sales channels such as upgrading of mobile sales application and developing an internet sales platform	Enhancing our sales channel requires modifications to the core of our existing application systems and such modifications required longer time than expected

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 13 October 2016 through a placement of 320,000,000 shares of HK$0.01 each in the share capital of the Group at the price of HK$0.225 per share, after deduction of the underwriting commission and actual expenses paid by the Group in connection thereto, were approximately HK$47.8 million. Up to 31 March 2018, the net proceeds from the Listing had been applied as follows:

	Planned use of proceeds from Listing Date to 31 March 2018 HK$ million	Actual use of proceeds from Listing Date to 31 March 2018 HK$ million
Acquisition of new processing base, facilities and equipment	27.4	25.5
Further strengthening our manpower	3.8	2.9
Expansion of logistic team	5.6	3.3
Enhancement of sales channels	0.4	–
General working capital	5.5	5.5
Total	42.7	37.2

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on Date of Listing. There has been no change in the capital structure of the Group since the Listing Date and up to date of this report. The capital of the Group only comprises of ordinary shares.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded the liquidity and capital requirements principally from cash generated from operations and bank borrowings.

As at 31 March 2018, the Group had borrowings of approximately HK$17.9 million which was denominated in Hong Kong Dollars (31 March 2017: HK$18.8 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations and purchase of the existing premises, while the liability of the finance lease obligations was for the acquisition of motor vehicles to support its operations.

As at 31 March 2018, the Group had approximately HK$16.1 million in bank balance and cash (31 March 2017: HK$68.9 million). The Group had no bank overdraft as at 31 March 2018 (31 March 2017: Nil). The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

As at 31 March 2018, the gearing ratio of the Group was approximately 18.8% (31 March 2017: 26.0%). The decrease in gearing ratio was due to strengthening of the Group's capital structure through the fund raised in the IPO of the Company. Gearing ratio is calculated as total debt divided by total equity.

CHARGE ON GROUP ASSETS

As at 31 March 2018, the Group has pledged its properties and motor vehicle with net book value amounted to approximately HK$18,500,000 (31 March 2017: HK$16,457,000) and HK$93,000 (31 March 2017: HK$217,000), respectively, to secure certain banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Save as disclosed in this annual report and the Prospectus, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2018. There is no other plan for material investments or capital assets as at 31 March 2018.

FOREIGN EXCHANGE EXPOSURE

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is food ingredients supplier and most of its transactions settled in Hong Kong Dollars. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2018 (31 March 2017: Nil).

COMMITMENTS

The contract commitments mainly involve rental payable by the Group in respect of the processing facilities, parking lots and Director quarter under non-cancellable operating leases. As at 31 March 2018, the Group's operating lease commitments were approximately HK$1,341,000 (31 March 2017: HK$1,050,000).

SEGMENT INFORMATION

The Group principally operates in one business segment, which is providing sourcing and processing of food ingredients services in Hong Kong.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (31 March 2017: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2018, the Group had 87 employees working in Hong Kong (31 March 2017: 67). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the years ended 31 March 2017 and 2018 amounted to approximately HK$14.5 million and HK$18.5 million respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits. During the year ended 31 March 2017, the Group has also had credit exposures to amount due from Mr. Liu, which was fully settled during the year ended 31 March 2018.

Trade receivables are substantially from local food service operators with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. The Group is subject to concentration of credit risk with respect to trade receivables as 55.3% of the total trade receivables were due from our largest five clients of trade receivables as at 31 March 2018 (31 March 2017: 38.4%). In view of the history of business dealings with the customers and the sound collection history of the receivables due from them, the management believes that there is no material credit risk inherent in the Group's outstanding receivable balances due from these customers. For the year ended 31 March 2018, the Group had no provision for impairment of trade receivables (31 March 2017: HK$19,000), based on assessment of the credit history of our customers and the current market condition.

Bank deposits are mainly deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of each reporting period in relation to each class of recognised financial assets was the carrying amounts of those assets as stated in the statement of financial position. For details of credit risk, please refer to note 3.1(a) to the consolidated financial statements.

Liquidity risk

As at 31 March 2018, 99.5% (31 March 2017: 99.5%) of the Group's financial liabilities were due within the next 12 months or carried a repayment on demand clause from the end of each reporting period for the years ended 31 March 2018. Based on the agreed scheduled repayments set out in the loan agreements of bank borrowings with a repayment on demand clause, 52.3% of the Group's financial liabilities were matured at more than 1 year from the end of each reporting period for the years ended 31 March 2018 (31 March 2017: 48.3%). The Group manages the liquidity risk by maintaining sufficient cash and banking facilities to enable the Group to meet the Group's normal operating and capital commitments. For details of our liquidity risk, please refer to note 3.1(b) to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the values in protecting the natural environment for the benefits of the earth and human livings. The Group has implemented a wide variety of green measures, including responsible use of resources, energy saving program, waste management and carbon emissions reduction to alleviate the intensity of environmental impact to the community. To help conserve the environment, the Group implements green practices such as papers are reused and recycled, paper waste is separated from other waste for easier collection, recycle paper waste instead of direct disposal at landfill, reduce energy consumption by replaced majority of the lighting system of the processing factory with LED lights and switching off air conditioning and electrical appliances upon used. The Group's operations were in compliance in all material respects with currently applicable local environmental protection laws and regulations in Hong Kong during the year.

For details of environmental, social and governance performance of the Group, please refer to the environmental, social and governance report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year under review, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders.

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance (the "**ESG**") Report (the "**Report**") of Goal Forward Holdings Limited (together with its subsidiaries, the "**Group**") for the year ended 31 March 2018 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 20 of Rules Governing the Listing of Securities on GEM of the Stock Exchange. Corporate governance is addressed separately in the Corporate Governance Report.

Scope of the Report

The Report endeavours to present a balanced representation of the Group's environmental and social performance and covers the entire operations of the Group.

The content of the Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group's operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and key performance indicators ("**KPIs**").

Approved by the Board of Directors

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the Board on 20th June 2018.

ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

About the Group

The Group is principally engaged in food processing and supply of vegetables, fruits and other food ingredients. The Group operates in Hong Kong. Particulars of the Group's principal entities are set out in note 28 to the consolidated financial statements for the year ended 31 March 2018.

Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace external community and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives over daily operations.

Objectives

We integrate environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Include environmentally-friendly practices to the daily operation activities;
- Reduce greenhouse gas emissions;
- Utilise energy and resources efficiently; and
- Continuously improve waste management

Social objectives:

- Respect rights of employees and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation

Approach

The Group executes its environmental and social strategy and achieving its related objectives through series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

Environmental and social management system comprises:

- The direction from the Board to fulfil the ESG responsibilities;
- Routine execution of environmental and social strategy and achieving its objectives by senior management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the Board; and
- Reporting and disclosure of the Group's performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and reviewed by the Directors for its overall ESG responsibility.

Stakeholder Engagement and Materiality

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers, employees, and managerial personnel. We have conducted a survey, discussed or communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Based on the stakeholder engagement, the Group has identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and enable the Group to focus on the material aspects for actions, achievements and reporting. We present below the relevant and required disclosure.

GENERAL DISCLOSURE AND KPIs

A. ENVIRONMENTAL

The Group recognises the values in protecting the natural environment for the benefits of the earth and human livings. We are committed to the development and management our business in an environmentally responsible way in order to reduce the degrading of the biophysical environment.

Aspect A1: Emissions

Emissions refer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors.

- **Air and Greenhouse Gas Emissions**

Air emissions include Nitrogen Oxide ("**NO_x**"), Sulphur Oxide ("**SO_x**") and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Air and Greenhouse Gas Emissions from Production

The Group controls air emissions during the production process. Excessive emissions are required to be addressed and remedied timely. In view of the Group's business nature, there were no air emissions as a result from gaseous fuel consumption in production.

Air and Greenhouse Gas Emissions from Vehicles

The Group believes green logistics enhance benefits the nature and the Company including reduction of transportation costs and reduction of energy consumptions and pollutions. To achieve this, the Group requires the trucks are loaded to the optimal capacity for long-distance transportation. The Group also encourages optimising transportation routes, high loading rate and proper tire pressure to achieve efficiency.

The Group reminds employees to consider the environmental impacts in their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to utilise public transportation where possible and avoid excessive idling of automobiles.

The Group requires workers to maintain the vehicles properly. Vehicles are required to undergo annual emissions testing and repair upon needs therefore to improve air quality.

– *KPI A1.1 Emissions from vehicles*

Types of emissions	1 April 2017 to 31 March 2018 (g)
NO_X	394,504
SO_X	648
Particulate Matter ("**PM**")	21,702

– *KPI A1.2 Greenhouse gas ("**GHG**") emissions in total*

GHG emissions in total are 436 tonnes for the year ended 31 March 2018, which includes scope 1, scope 2, and scope 3 emissions as disclosed below.

– *KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group*

Main categories of Scope 1 emissions: GHG emissions from mobile combustion sources

Types of emissions	1 April 2017 to 31 March 2018 (kg)
Carbon Dioxide ("**CO_2**")	105,218
Methane ("**CH_4**")	61
Nitrous Oxide ("**N_2O**")	6,314
Total GHG emissions	**111,593**

Indirect Greenhouse Gas Emissions from Electricity Consumption

Electricity consumption of the Group is a major part of its greenhouse gas emissions. Various electricity-savings' policies have been established to reduce the electricity consumption by the Group. The Group encourages staff members to switch off light upon unused, maintain lamps conditions, install energy-efficient lighting, and enable the standby mode for all electrical appliances, including computers, photocopiers and printers when they are not in use. Air conditioning is required to be set not lower than 25°C in summer. The Group also requires windows and doors remain properly closed while air-conditioning is on, and the air-conditioners are to be switched off after office hours or after the usage of a meeting room.

– *KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group*

Main sources of Scope 2 emissions: Electricity purchased from power companies

Types of emissions	**1 April 2017 to 31 March 2018** (kg)
CO_2 equivalent emission	289,845
Total GHG emissions	**289,845**

Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills

In order to minimise indirect emissions relating to paper waste deposited at landfills, the Group encourages employees to apply the use of computer technology such as emails and storage devices to reduce paper consumption, print on both sides of a sheet of paper, avoid unnecessary printing or copying on paper, adjust documents and use space efficiency formats to optimise use of paper, and put recycling boxes near to the photocopiers therefore to collect single-sided paper for reuse and used double-sided paper for recycling.

Indirect Greenhouse Gas Emissions from Electricity used for Processing Fresh Water and Sewage by Government Departments

Apart from slicing, sorting and packaging, food processing also involves a large amount of washing and peeling work. Water consumption in food processing is observed so that objective of saving water is achieved.

Indirect Greenhouse Gas Emissions from Business Travel by Employees

The Group reminds employees to consider the environmental impacts upon commuting decisions in order to reduce air and greenhouse gas emissions. Employees are encouraged to utilise public transportation as often as possible.

The Group recognises the severity of indirect greenhouse gas emissions from business travel by employees, and requires employees to utilise teleconference instead of overseas meetings and choose railway rather than via air for short distance travel where possible to reduce the carbon footprint of business travel.

– *KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions*

Activities from which indirect GHG emissions arise:

- Paper waste disposed at landfills

Types of emissions	1 April 2017 to 31 March 2018 (kg)
CO_2 equivalent emission	29,775

- Electricity used for processing fresh water and sewage by government departments

Types of emissions	(kg)
CO_2 equivalent emission from fresh water processing	2,401
CO_2 equivalent emission from sewage processing	1,207

- Business air travel by employees

Types of emissions	(kg)
CO_2 equivalent emission	1,083
Total GHG emissions	**34,466**

- **Discharges into Water and Land**

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

- **Generation of Hazardous Waste and Non-hazardous Waste**

Our internal guidance encourages employees to handle office waste generated in a proper and environmentally friendly manner.

Hazardous Waste

Hazardous wastes are those defined by national regulations. Hazardous wastes are required to be separated and recorded for collection.

– *KPI A1.3 Total hazardous waste produced and intensity*

There was no significant hazardous waste generated in view of the Group's business nature.

Non-hazardous Waste

Non-hazardous waste produced from operation includes food waste, domestic waste and packaging waste from the processing factory, logistics centre, warehouse and offices. The Group promotes waste reduction practices including waste reduction at source, reuse, clean recycling, recovery and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with an option to be upgraded and longer life-span, and to have recyclers to collect recyclables.

The Group donates vegetables and fruits with appearance issue or close to shelf life to local food rescue organizations, this initiative not only reduces unnecessary food waste, but also helps the people in need.

Packaging waste including plastic or paper waste is recycled. Such waste is separated for recycling companies to collect.

– *KPI A1.4 Total non-hazardous waste produced and the intensity*

	1 April 2017 to 31 March 2018 (Tonnes)
Non-hazardous waste produced – Landfill	24
Non-hazardous waste produced – Recycled	8
Total non-hazardous waste produced	32
	(Tonnes/per tonne of finished products)
Non-hazardous waste intensity	0.0008

– *KPI A1.5 Description of measures to mitigate emissions and results achieved*

In accordance with policies stated above for the reduction of air and greenhouse gas emissions from production and vehicles, the Group adopts the following measures: control the numbers of vehicles owned by the Group; minimise the frequency of employees in taking public transportation for local business commuting; and minimise the frequency of business travel by employees. We consider such measures had been achieved for the year ended 31 March 2018.

– *KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved*

Non-hazardous wastes are preferred to be recycled, otherwise, dispose at landfill. In accordance with policies stated above for the reduction of non-hazardous wastes, the Group adopts the following measures: regulate the commercial wastes generated by employees; control the waste of papers; minimise the volume of non-hazardous waste going direct to landfill without recycling. We consider such measures had been achieved for the year ended 31 March 2018.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., are the important aspects to protect the environment.

- **Efficient Use of Energy**

The Group established policies and procedures to reduce energy consumption at the facility, for instance to assess the energy efficiency, to increase the use of clean energy, and where possible, to set targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

The Group has also adopted various effective energy saving measures since 2015 to reduce electricity consumption and therefore to enhance energy efficiency, majority of the lighting systems in the processing factory were replaced with LED lights.

– *KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity*

Direct energy consumption by type	1 April 2017 to 31 March 2018 (kWh in '000s)
Non-renewable fuel consumed	404
Electricity purchased for consumption	568
Total energy consumed	972

	(kWh in '000s/per tonne of finished products)
Total energy consumption intensity	0.025

- **Water Consumption**

The Group requires employees to reduce water consumption at the processing factory, logistics centre, warehouse, and offices. For example, employees are encouraged to turn off water taps upon use, to check faucets and pipes for any potential leakage and to adopt water saving appliances.

– *KPI A2.2 Water consumption in total and intensity*

	1 April 2017 to 31 March 2018 (Cubic metres)
Annual water consumed	5,976

	(Cubic metres/ per tonne of finished products)
Water consumption intensity	0.155

– *KPI A2.3 Description of energy use efficiency initiatives and results achieved*

The Group's ability to use energy efficiently can be revealed by its intention and measures for the reductions in energy consumption. Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs and certain risks exposures (e.g. fluctuations in energy supply and prices). The Group's policies and measures specify in managing the use of energy are stated above. The Group considers such policies had been adopted and measures had been achieved for the year ended 31 March 2018.

– *KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved*

The Group's ability to use water efficiently can be revealed by its intention and measures for the reductions in water consumption. Water consumption has a direct effect on the environmental footprint of the Group, its operational costs and certain risks exposures (e.g. reliance on sources of water that may be considered sensitive due to their relative size or function; or status as a possibly rare, threatened, or endangered system; or to their possible support of a particular endangered species of plant or animal). The Group's policies and measures on water use are stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 March 2018.

- **Efficient Use of Raw Material and Packaging Material**

The Group endeavours to adopt the lifecycle assessment approach to consider the environmental impact of products throughout their lifecycle, from covering material selection, acquisition, processing, consumption, disposal, and recycling. The Group encourages employees to use recycled or renewable material for packaging, and have an aim to design the packaging to be returnable, reusable, and renewable where possible.

– *KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced*

The disposal of products and packaging materials at the end of a consumption phase is a steadily growing environmental challenge, packaging materials are encouraged to be reuse and/or recycle therefore to minimise the disposals.

Total packaging material used by type	**1 April 2017 to 31 March 2018** (Tonnes)
Plastic	27
Total packaging material used	27
	(Tonnes/ per tonne of finished products)
Intensity of packaging material use	0.0007

Aspect A3: The Environment and Natural Resources

The Group is committed in reducing the operation impacts on environment and natural resources. Policies are established to consider the actual impact on environment and natural resources and to reduce such impact. We encourage environmental education and advocacy among employees to motivate environmentally responsible behaviour which helps fulfil the Group's commitment to minimising its adverse impact on the environment.

– *KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them*

The Group understands the performance in respect of emissions, waste production and disposal and use of resources impacts the environment as a whole, we are keen to minimise such impact, and communicate our environmental policies, measures, performance, and achievements to our stakeholders. No significant impact on the environment and natural resources was caused in view of the Group's business nature. Policies and/or measures adopted in the year ended 31 March 2018 specify in managing potential impacts of activities on the environment and natural resources are mentioned herein above.

B. Social

The Group strives to fulfil its social responsibilities as a corporate citizen of the communities. We strive to establish harmonious relationship with employees, customers, suppliers, and the communities. We care about the well-being and development of employees, ensuring high standards of service responsibilities, enhance transparent relationship with external parties including the customers and suppliers, and contribute to our community development.

EMPLOYMENT AND LABOUR PRACTICES

Aspect B1: Employment

The Group established employment policies including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- **Compensation and Dismissal**

  The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure the consistency of employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

- **Recruitment and Promotion**

  The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval and job offering. Promotion is based on performance and suitability.

- **Working Hours, Rest Periods, Benefits and Welfare**

  Employees' working hours, rest periods, benefits and welfare, including mandatory provident fund and employment compensation insurance, are required to be in compliance with employment or labour laws and regulations.

- **Equal Opportunities, Diversity and Anti-discrimination**

  The Group is an equal opportunity employer. We make every effort to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group

For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Aspect B2: Health and Safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

- **Providing a Safe Working Environment**

  The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to management.

  We are committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of the processing factory, logistics centre, warehouse, and offices with regards to cleanliness, indoor air quality, pest controls, and security.

- **Protecting Employees from Occupational Hazards**

  One of the key factors for successfully protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group requires such training to be delivered to employees, especially those who operate equipment and tools.

- **Work-life Balance**

  The Group supports employees to enjoy leisure and sports activities outside of workplace, with the aim of enhancing work-life balance, personal development and sense of belonging among employees.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

  For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards.

Aspect B3: Development and Training

The Group is committed to provide adequate training to the employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

- **Employee Development**

  The Group requires employees to attend internal and external training courses including new employee orientation and employee continuing education to improve employees' knowledge and skills for their job positions. The costs of qualified training courses are being supported fully or partially by the Group.

- **Training Activities**

  Training and development courses are offered throughout the Group to upgrade employee skills and knowledge. The training programs are tailored to the needs of different job functions to strengthen the skills and abilities of the employees. All directors participated in continuous professional development by attending training courses or in-house briefing, or reading materials on the topics related to corporate governance and regulation.

Aspect B4: Labour Standards

The Group is committed in prohibiting child and forced labour in the workplace.

- **Preventing Child and Forced Labour**

  The Group prohibits child labour. It requires Human Resources department and user departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce.

  We are committed to protect human rights, to prohibit forced labours therefore to create a workplace with respect, fairness and free will for our employees.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

  For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour.

Operating Practices

Aspect B5: Supply Chain Management

Supply chain management is a key area of the Group's business and includes managing environmental and social risks of the supply chain. The Group requires suppliers to provide products and services that are with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations as well as labour standards. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and accomplishment of efficiency and cost saving in procurement.

Food safety and quality are the top priorities throughout the supply chain management of the Group. Multiple layers of precautionary measures are undertaken to guarantee the safety and quality of food ingredients throughout the supply chain from the selecting, sourcing, storing and delivering processes.

The Group is fully committed to source food ingredients that meet safety and health requirements. Suppliers are selected after careful assessment including on-site inspection where possible and assurance of legal entity documentations. Food are procured and received from suppliers at appropriate time, and stored under suitable temperature within proper time period. Suppliers' performance are evaluated regularly and monitored by the management.

Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

It is the Group's obligation to place strong emphasis on quality control, and stringent quality control procedures are implemented throughout the food processing operation. The food safety team of the Group is formed to ensure food safety procedures are followed and monitored, and to take the responsibilities for:

– Determining the business operations and safety assurance procedures and protocols;

– Formulating and reviewing HACCP plan;

– Monitoring the implementation of HACCP plan;

– Approving documents relating to ISO 22000 which addresses food safety management;

– Developing employees' training program;

– Verifying the operation of ISO 22000;

– Assessing the appropriateness and effectiveness of ISO 22000 regularly; and

– Reporting to the top management on the effectiveness of ISO 22000

The Group obtained Hazard Analysis Critical Control Point ("**HACCP**") certification and ISO 22000 certification for the food processing factory.

- **Health and Safety**

  The Group is fully responsible for the products offered and produced, with considerations of health and safety relating to the products such as product design to ensure health and safety, selections of food ingredients with health and safety considerations, quality control during processing, health and safety check for finished products, proper delivery and after-sale services.

- **Advertising**

  The Group respects the customers' rights and is committed in providing accurate service information for customers in connection with their purchase decision or consumption decision. The Group requires careful review of advertising material to protect customers' interest.

- **Labelling**

  The Group insists that labelling is accurate, legitimate, clear, and not misleading.

- **Privacy Matters**

  The Group is committed to protect customer data and privacy information and maintain business information confidential. Training to employees in this regard and proper information system security are required.

- **Methods of Redress**

  Although the Group assures the quality of the products, at the same time, the Group requires that products with quality, safety, or health issues should be compensated in accordance with terms of sales or service agreements. Recall, return, or compensation of products is required to be offered to all customers who are affected with consistent treatment and procedures.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

  For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Aspect B7: Anti-corruption

The Group established anti-corruption policies to prohibit employees from receiving any benefits offered by customers, suppliers, colleagues, or other parties while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

  For the year ended 31 March 2018, there were no confirmed non-compliance incidents or grievances in relation to bribery, extortion, fraud and money laundering.

Community

Aspect B8: Community Investment

The Group strives to support the communities in which we operate including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest.

- **Labour Needs**

  The Group make efforts to enlarge the business operations therefore to attempt to recruit more workers to utilize communities' available labour resources.

- **Community Activities**

  In addition to donating vegetables and fruits to charitable local food rescue organisations, to further help people in need, the Group encourages the employees to participate in community activities, such as community health initiatives, sports, cultural activities, volunteer work, and charity activities.

- **Environmental Protection**

  All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the communities.

EXECUTIVE DIRECTORS

Mr. Liu Chi Ching ("Mr. Liu"), aged 52, is the founder of the Group. Mr. Liu is responsible for the overall strategic management and development of the Group's business operations. Mr. Liu was appointed as Director on 6 April 2016 and re-designated as the chairman of the Company (the "**Chairman**") and executive Director on 27 May 2016. He is also a member of the Remuneration Committee and the chairman of the Nomination Committee.

Mr. Liu has over 20 years of experience in the food trading and processing industry. Mr. Liu worked as a chef at various restaurants of well-known clubs and hotels from 1983 to 1993, including The American Club Hong Kong and Hyatt Regency Hong Kong. Prior to the founding of the Group, Mr. Liu has been operating his business under the trade name C.Y. Trading Company since March 1993. He established CY Food Trading Limited in May 1998 and had worked as a director of CY Food Trading Limited from May 1998 to March 2001. Mr. Liu has been a director of C.Y. Food since September 2005 and a director of Healthy Cheer since September 2015, a director of Eastway Logistic Company Limited since July 2017, and directors of Jade Royal Limited and Wise Sino Limited since March 2018. Mr. Liu is a director of all subsidiaries of the Group.

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

Ms. Wu joined the Group as sales and marketing manager in April 2014. Ms. Wu obtained an Associate of Arts from the HKU School of Professional and Continuing Education in September 2004. She also completed the Level 2 Book-keeping and Accounting course endorsed by LCCI International in February 2006. Before joining the Group, Ms. Wu worked in Brilliant Training Centre as a teacher from April 2005 to March 2006. From April 2006 to March 2010, she was a director of Tech Rich Trading Limited, a company principally engaged in wholesale of vegetables in Hong Kong, with the main responsibility of managing the business operation, human resources, finance and administration. She worked in Hong Kong Dragon Airlines Limited as a flight attendant from January 2007 to January 2012 and as a flight purser from January 2012 to March 2014. Ms. Wu is proficient in various languages and has sounded communication skills to engage employees throughout the Group.

NON-EXECUTIVE DIRECTOR

Mr. Wong Chung Yeung ("Mr. Wong"), aged 41, was appointed as the non-executive Director on 27 May 2016. Mr. Wong graduated from the Hong Kong University of Science and Technology in July 1999 with a Bachelor of Business Administration in Accounting and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has rich experience in the finance and accounting profession. Prior to joining the Group, Mr. Wong worked in Ernst & Young from June 2000 to December 2011 with his last position held as senior manager. Mr. Wong is the chief financial officer and company secretary of Tang Palace (China) Holdings Limited (stock code: 1181), a company listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li On Lei ("Ms. Li"), aged 40, was appointed as the independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee on 26 September 2016.

Ms. Li is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Li is currently the financial controller of Gameone Holdings Limited (stock code 8282) ("**Gameone**"). She is primarily responsible for the handling and overseeing financial reporting, financial planning, and reviewing internal control of Gameone. Prior to joining Gameone, she had worked in the Audit and Assurance Department of an international accounting firm from July 2004 to May 2015, and her last position was senior manager. She has accumulated more than 15 years of experience in auditing, accounting and financial management. Ms. Li is a fellow of the Association of Chartered Certified Accountants.

Mr. Ng Ki Man ("Mr. Ng"), aged 32, was appointed as our independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee on 26 September 2016. Mr. Ng is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Ng holds a Bachelor of Business Administration (Honours) degree in Information Systems from the City University of Hong Kong. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr. Ng has more than 10 years of experience in auditing and accounting. He has also been appointed as an independent non-executive Director of Basetrophy Group Holdings Limited (stock code: 8460) since June 2017.

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

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

SENIOR MANAGEMENT

Ms. Wu Hau Kam ("Ms. Wu HK"), aged 54, is the Director of Procurement of the Group. Ms. Wu HK is responsible for procurement of food ingredients and raw materials. Before joining our Group, Ms. Wu HK worked in Dongguan Liaobu Town Liangbian Management Area Knitwear Factory (東莞市寮步鎮良邊管理區毛織廠) as a worker from 1978 to 1985. She then worked as a purchasing officer in Shui Hing Long Fresh Vegetables and Fruits Company (瑞興隆時菜鮮果食品) from 1998 to December 2004. She worked as a purchasing officer in C.Y. Food Trading Company Limited from January 2005 to September 2005. Ms. Wu HK joined the Group as purchasing manager in September 2005 and was promoted to her current position in January 2010.

Mr. Ho Shut Cheong ("Mr. Ho"), aged 48, is the Director of Operations of the Group. Mr. Ho is responsible for overseeing processing and inventory management. Before joining the Group, Mr. Ho worked as a metalworker in Wai Shing Steel Company (偉成鐵器) from 1985 to 1986 and Shun Shing Hardware and Manufacturing Company (順成五金製品) from 1986 to 1995, respectively. He then worked as a warehouse and inventory assistant in Wing Tai Hong Vegetable Wholesale Company Limited (永泰行) from 1995 to 2003. He later worked as a metalworker in Paky Limited from January 2003 to July 2008. He joined C.Y. Food as factory manager from September 2008 to June 2009 and he worked for Super Tri Union Enterprise Company Limited as inventory manager from September 2009 to February 2012. Mr. Ho re-joined the Group as inventory manager in May 2012 and was promoted to his current position since January 2014.

Mr. Cheng Lam Piu ("Mr. Cheng"), aged 61, is the Director of Quality Control of the Group. Mr. Cheng is responsible for overseeing quality control of the Group including leading the quality control department in conducting food safety analysis, identifying food safety control points, and establishing, performing and evaluating the food safety monitoring procedures for the Group. Mr. Cheng has over 10 years of experience in quality control and is a qualified Food Hygiene Manager recognised by the Food and Environmental Hygiene Department, with extensive food hygiene knowledge including how to identify key areas of risk in various food operations for early remedial actions and ensure compliance with the regulations and codes of practice relating to the food processing and supply industry. Prior to joining our Group, Mr. Cheng worked as a butcher in Ying Wa Company (英華鷄鴨) from 1979 to 1997. He then worked as inventory manager in C.Y. Trading Company and CY Food Trading Limited from December 1997 to May 1998 and from May 1998 to March 2001, respectively. In March 2001, Mr. Cheng re-joined C.Y. Trading Company as inventory manager and left his position in November 2004. He then joined C.Y. Food Trading Company Limited as inventory manager from November 2004 to September 2005. Mr. Cheng joined the Group as inventory manager in September 2005 and was promoted to his current position in October 2005.

COMPANY SECRETARY AND FINANCIAL CONTROLLER

Ms. Yim Sau Ping ("Ms. Yim"), aged 35, graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in 2007 and has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since 2010. She has accumulated more than 10 years of experience in accounting, auditing and financial management. Ms. Yim was appointed as company secretary and financial controller on 1 June 2016.

Prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (stock code: 1246), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as "Tonking New Energy Group Holdings Limited") (stock code: 8326), a company listed on GEM of the Stock Exchange, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She is currently the director of Blooming (HK) Business Limited, a company primarily provides corporate advisory and company secretarial services.

INTRODUCTION

Corporate governance is a collective responsibility of the Members of the Board. The Board is committed to preserve high standards of corporate governance practices within the Company and devotes considerable effort to identify and enact best practices. We believe good corporate governance is fundamental to the proper management of the Company in the interests of all stakeholders and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

We are committed to achieving and maintaining high standards of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to promote the interests of its shareholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in Corporate Governance Code (the "**CG Code**") set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code throughout the period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Code of Conduct**"). Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the required standard of dealings and the Code of Conduct and there was no event of non-compliance throughout the period.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, *inter alia*, the implementation of strategies are delegated to the executive Directors along with other senior executives. They report periodically to the Board their work and business decisions.

Board Composition

The composition of the Board as at this annual report is set out as follows:

Executive Directors

Mr. Liu Chi Ching *(Chairman)*
Ms. Wu Shuk Kwan *(Chief Executive Officer)*

Non-executive Director

Mr. Wong Chung Yeung

Independent non-executive Directors

Ms. Li On Lei
Mr. Ng Ki Man
Mr. Lo Siu Kit

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 31 to 34 of this annual report.

The proportion of which is higher than what is required by Rule 5.05A, 5.05(1) and (2) of the GEM Listing Rules whereby independent non-executive directors of a listed issuer represent at least one-third of the Board. The three independent non-executive directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors, the non-executive Director and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors and non-executive Director has entered into a service contract with our Company on 27 May 2016 and signed letters of appointment with each of our independent non-executive Directors. The service contracts with our executive Directors and the letter of appointment with our non-executive Director and each of our independent non-executive Directors are for an initial term of three years commencing from 13 October 2016. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our articles of association and the applicable GEM Listing Rules.

According to Article 108 of the Company's articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years.

Ms. Li and Mr. Ng will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 7 August 2018 and, both being eligible, will offer themselves for re-election at the said meeting.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Ms. Li and Mr. Ng as independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and chief executive officer are separate and not performed by the same individual in order to balance the distribution of power. Mr. Liu was the Chairman of the Board throughout the year. Ms. Wu is our chief executive officer of the Company.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

The initial term of office of each of the non-executive Directors (including independent non-executive Directors) is three years, subject to re-election.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision A.6.5 of the Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors attended a formal directors training session conducted by CFN Lawyers prior to the listing of the Company. The training covered topics including the GEM Listing Rules, the CG Code and the disclosure of inside information. The Group has also been provided reading materials including the CG Code, the Inside Information Provision (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to all Directors to develop and refresh the Director's knowledge and skills.

The Group continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, so as to ensure that he/she is aware of his/her responsibilities and obligations as well as to maintain good corporate governance practices.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website www.hkexnews.hk and the Company's website at www.cyfood.com.hk. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report.

Remuneration Committee

The Remuneration Committee was established on 26 September 2016. The chairman of the Remuneration Committee is Ms. Li, our independent non-executive Director, and other members includes Mr. Liu, our executive Director, Mr. Ng and Mr. Lo, our independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2018. No director or any of his or her associates is involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee was established on 26 September 2016. The chairman of the Nomination Committee is Mr. Liu, our chairman and executive Director, and other members included Ms. Li, Mr. Ng and Mr. Lo, our independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Audit Committee

The Audit Committee was established on 26 September 2016. The Chairman of the Audit Committee is Mr. Ng, our independent non-executive Director, and other members included Ms. Li and Mr. Lo, our independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year, the audit committee held four meetings to review and comment on the Company's 2017 annual results, 2017 interim results and quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Details of all Directors' attendance at the Board meeting, Board committees' meeting held from Listing Date to 31 March 2018 are as follows:

	Board Meeting	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**2017 Annual General Meeting**
	Number of Meetings Attended/Held				
Executive Directors					
Mr. Liu Chi Ching	6		3	1	1
Ms. Wu Shuk Kwan	6				1
Non-executive Director					
Mr. Wong Chung Yeung	6				1
Independent non-executive Directors					
Ms. Li On Lei	6	4	3	1	1
Mr. Ng Ki Man	6	4	3	1	1
Mr. Lo Siu Kit	6	4	3	1	1

BOARD DIVERSITY POLICY

In designing the Board's composition, Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Yim as its Company Secretary. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. Liu, executive Director of the Company is the primary contact person who Ms. Yim contacts.

For the year ended 31 March 2018, Ms. Yim has taken no less than 15 hours of relevant professional training as required under Rule 5.15 of the GEM Listing Rules. The biographic of Ms. Yim is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

INDEPENDENT AUDITORS' REMUNERATION

The Company has engaged PricewaterhouseCoopers as its external auditor for the year ended 31 March 2018 until the conclusion of the forthcoming annual general meeting. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The fee paid and payable to PricewaterhouseCoopers in respect of audit services and non-audit services amounted to HK$1,150,000 and HK$39,000, respectively for the year ended 31 March 2018.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interests and rights is to separate resolutions proposed at the shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 64 of the articles of association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and Management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Company's audit committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2018 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the audit committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2018 as required under code provision C.2.5. The audit committee and Board, has considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The audit committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has a adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website "www.hkexnews.hk" and the Company's website at "www.cyfood.com.hk";

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management;

(v) the Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year, there was no charge to the Company's memorandum and articles of association.

The Directors present their report and the audited consolidated financial statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability in the Cayman Islands. The principal activity of the Company is investment holding. The Group is principally engaged in food processing and supply of vegetables, fruits and other food ingredients in Hong Kong. It supplies food ingredients to over 700 customer outlets and offers more than 1,300 types of food ingredients to the customers. Details of the principal activities of its subsidiaries are set out in note 28 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statement on pages 59 to 116 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Tuesday, 7 August 2018 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 2 August 2018 to Tuesday, 7 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 1 August 2018.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 March 2018 and up to the date of this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the past four financial years is set out on page 53. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the year ended 31 March 2018 amounted to approximately HK$24,000 (31 March 2017: HK$25,000).

SHARE CAPITAL

Details of the Company's share capital is set out in note 20 to the consolidated financial statements.

SHARE OPTION SCHEME

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

For the year ended 31 March 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2018.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2018 are set out in note 27 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately HK$50.4 million.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for 11.0% of the Group's total revenue while the Group's five largest customers in aggregate accounted for 41.4% of the Group's total revenue for the year.

The Group's largest supplier accounted for 49.2% of the Group's total purchases while the Group's five largest suppliers accounted for 65.2% of the Group's total purchases for the year.

None of the Directors of the Company, or any of his close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Board during the year and up to the date of this report were as follows:

Executive Directors
Mr. Liu Chi Ching *(Chairman)*
Ms. Wu Shuk Kwan *(Chief Executive Officer)*

Non-executive Director
Mr. Wong Chung Yeung

Independent non-executive Directors
Ms. Li On Lei
Mr. Ng Ki Man
Mr. Lo Siu Kit

In accordance with our articles of association, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

PERMITTED INDEMNITY PROVISION

Every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 31 to 34 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management of our Group for the year ended 31 March 2018 falls within the following band:

Remuneration Band	**Number of Senior Management**
Up to HK$1,000,000	3
HK$1,000,001 to up to HK$2,000,000	0
Above HK$2,000,000	0

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of our Group and general market conditions.

Our remuneration committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that remuneration committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2018 are set out in note 2.19(a) to the consolidated financial statements of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in note 27 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

As at 31 March 2018, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

INTERESTS OF THE COMPLIANCE ADVISOR

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 March 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, 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 positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of underlying shares	Approximate percentage of shareholding
Mr. Liu Chi Ching (Note 1)	Interest of a controlled corporation	720,000,000	56.25%

Note:

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

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, 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.

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

So far as known to the Directors or chief executives of the Company, as at 31 March 2018, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of underlying shares	Approximate percentage of shareholding
Classic Line Holdings Limited (Note 1)	Beneficial owner	720,000,000	56.25%
Good Vision Limited (Note 2)	Beneficial owner	84,000,000	6.56%
Hong Kong Tang Palace Food & Beverage Group Limited (Note 2)	Interest of a controlled corporation	84,000,000	6.56%
Tang Palace (China) Holdings Limited (Note 3)	Interest of a controlled corporation	84,000,000	6.56%

Notes:

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

(2) Hong Kong Tang Palace Food & Beverage Group Company Limited ("**Tang Palace**") owns the entire issued share capital of Good Vision Limited. Therefore, Tang Palace is deemed or taken to be interested in all the Shares held by Good Vision Limited for the purpose of the SFO. Mr. Chan Man Wai is the sole director of Good Vision Limited.

(3) Tang Palace (China) Holdings Limited (stock code: 1181), a company listed on the Main Board of the Stock Exchange, beneficially owns the entire issued share capital of Tang Palace. Therefore, Tang Palace (China) Holdings Limited is deemed, or taken to be, interested in all the shares in which Tang Palace is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2018, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

COMPETITION AND CONFLICT OF INTERESTS

Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Liu and Classic Line (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the Deed of Non-competition with the Company (for itself and for the benefit of each other member of the Group) on 26 September 2016. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" in the Prospectus.

During the year, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/her/it and his/her/its associates in compliance with the Deed of Noncompetition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 35 to 43 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules during the year ended 31 March 2018 and at any time up to the date of this report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2018 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming AGM to reappoint PricewaterhouseCoopers as auditor of the Company.

ON BEHALF OF THE BOARD
Liu Chi Ching
Chairman
Hong Kong, 20 June 2018

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**176,841**	166,300	166,230	152,286
Gross Profit	**44,590**	35,074	25,765	20,404
Profit before income tax	**27,523**	6,696	13,709	10,431
Profit and total comprehensive income for the year	**22,861**	3,410	11,073	8,753
Total assets	**130,688**	112,911	72,687	67,371
Total liabilities	**35,653**	40,737	51,294	57,151
Total equity and liabilities	**130,688**	112,911	72,687	67,371

pwc 羅兵咸永道

To the Shareholders of Goal Forward Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Goal Forward Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 116, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is the impairment assessment of trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables Refer to note 4 and note 17 to the consolidated financial statements As at 31 March 2018, the carrying amount of trade receivables of the Group was approximately HK$37,376,000, representing approximately 29% of the total assets. Management performed impairment assessment of trade receivables based on information including ageing of the trade receivables, past repayment history, subsequent settlement status and on-going trading relationship with the relevant customers. Based on management's assessment, no provision for impairment was made for the Group's trade receivables balance as at 31 March 2018. We focused on this area due to the size of the trade receivables balance and the significant management judgment used to evaluate the recoverability of the trade receivables.	Our procedures in relation to management's impairment assessment of trade receivables as at 31 March 2018 focused on the following: • Understanding, evaluating and validating key controls that the Group has implemented to manage and monitor its credit risk, including the grant and revision of credit limit and credit period to the customers based on their risk profile; • Circulating confirmations to the Group's customers, on a sample basis, to obtain third party evidence over the amounts of trade receivables recorded as at the year-end date; • Testing, on a sample basis, the subsequent settlement from the customers to the corresponding cash receipts; and • Where settlement had not been received subsequent to the year end for those receivables beyond the credit period, we challenged management's assessment as to the recoverability of those receivables, corroborating management's explanations with evidence of past repayment history, on-going trading relationship and correspondence with the relevant customers to follow up the outstanding debts. Based on our procedures performed, we found management's assessment on the impairment of trade receivables to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Hang, Benson.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 HK$'000	2017 HK$'000
Revenue	5	**176,841**	166,300
Cost of sales	7	**(132,251)**	(131,226)
Gross profit		**44,590**	35,074
Other income	6	**279**	113
Selling and administrative expenses	7	**(17,061)**	(27,513)
Operating profit		**27,808**	7,674
Finance income	9	**131**	2
Finance costs	9	**(430)**	(833)
Finance costs – net	9	**(299)**	(831)
Share of profit/(loss) of a joint venture	15	**14**	(147)
Profit before income tax		**27,523**	6,696
Income tax expense	10	**(4,662)**	(3,286)
Profit and total comprehensive income for the year attributable to equity holders of the Company		**22,861**	3,410
Basic and diluted earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	12	**1.79**	0.31

The notes on pages 64 to 116 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	As at 31 March 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**70,982**	17,019
Deposits and prepayments	17	**3,765**	2,648
Deferred tax assets	14	**–**	90
Interest in a joint venture	15	**867**	853
Total non-current assets		**75,614**	20,610
Current assets			
Inventories	18	**663**	607
Trade receivables	17	**37,376**	22,142
Deposits and prepayments	17	**902**	628
Cash and cash equivalents	19	**16,133**	68,924
Total current assets		**55,074**	92,301
Total assets		**130,688**	112,911
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	**12,800**	12,800
Share premium	20	**51,571**	51,571
Other reserve	21	**100**	100
Retained earnings		**30,564**	7,703
Total equity		**95,035**	72,174

	Note	As at 31 March 2018 HK$'000	As at 31 March 2017 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	22	**93**	181
Deferred tax liabilities	14	**712**	576
Total non-current liabilities		**805**	757
Current liabilities			
Trade payables	23	**10,923**	16,549
Accruals and other payables	23	**4,732**	4,554
Borrowings	22	**17,806**	18,584
Current income tax liabilities		**1,387**	293
Total current liabilities		**34,848**	39,980
Total liabilities		**35,653**	40,737
Total equity and liabilities		**130,688**	112,911

The consolidated financial statements on pages 59 to 116 were approved for issue by the Board of Directors on 20 June 2018 and were signed on its behalf.

Liu Chi Ching	**Wu Shuk Kwan**
Director	Director

The notes on pages 64 to 116 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to equity holders of the Company				
	Share capital	**Share premium**	**Other reserve**	**Retained earnings**	**Total**
	(Note 20)	(Note 20)	(Note 21)		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2016	100	–	–	21,293	21,393
Total comprehensive income					
Profit for the year	–	–	–	3,410	3,410
Transaction with equity holders in their capacity as equity holders					
Dividends paid	–	–	–	(17,000)	(17,000)
Issuance of shares and effects of reorganisation	(100)	–	100	–	–
Issue of new shares upon placing, net of share issuing expenses	3,200	61,171	–	–	64,371
Capitalisation of shares	9,600	(9,600)	–	–	–
Balance at 31 March 2017 and 1 April 2017	**12,800**	**51,571**	**100**	**7,703**	**72,174**
Total comprehensive income					
Profit for the year	**–**	**–**	**–**	**22,861**	**22,861**
Balance at 31 March 2018	**12,800**	**51,571**	**100**	**30,564**	**95,035**

The notes on pages 64 to 116 are an integral part of these consolidated financial statements.

	Note	Year ended 31 March 2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash generated from operations	24(a)	**7,948**	4,854
Interest paid		**(430)**	(833)
Income tax paid		**(3,342)**	(4,153)
Net cash generated from/(used in) operating activities		**4,176**	(132)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(43,770)**	(105)
Acquisition of subsidiaries	29	**(8,800)**	–
Prepayment for property, plant and equipment		**(3,762)**	(2,431)
Proceeds from disposal of property, plant and equipment	24(b)	**100**	–
Payment for acquisition of shares of a joint venture		**–**	(1,000)
Decrease in amount due from a director		**–**	47
Interest received		**131**	2
Net cash used in investing activities		**(56,101)**	(3,487)
Cash flows from financing activities	24(c)		
Proceeds from bank borrowings		**–**	19,200
Repayments of bank borrowings		**(781)**	(19,392)
Repayment of finance lease		**(85)**	(80)
Payment of dividend		**–**	(1,035)
Net proceeds from shares issuances		**–**	64,371
Net cash (used in)/generated from financing activities		**(866)**	63,064
Net (decrease)/increase in cash and cash equivalents		**(52,791)**	59,445
Cash and cash equivalents at beginning of the year		**68,924**	9,479
Cash and cash equivalents at end of the year	19	**16,133**	68,924

The notes on pages 64 to 116 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Goal Forward Holdings Limited ("the Company") was incorporated in the Cayman Islands on 6 April 2016 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") is principally engaged in the sourcing and processing of food ingredients. The ultimate holding company of the Company is Classic Line Holdings Limited, a company incorporated in the British Virgin Islands. Mr. Liu Chi Ching ("Mr. Liu") is regarded as the ultimate controlling party.

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited by way of placing (the "Listing") on 13 October 2016 (the "Listing Date").

The financial statements is presented in thousands of Hong Kong dollars ("HK$000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) *Adoption of amendments to standards*

The Group has adopted the following amendments to existing standards which are mandatory for the financial year beginning on or after 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual improvements 2014-2016 Cycle

The adoption of the above amendments to standards did not have any significant financial impact on the consolidated financial statements.

(b) *New standards, amendments to standards and interpretations which are not yet effective*

		Effective for accounting year beginning on or after	Note
Amendments to HKFRS 1	First Time Adoption of HKFRS	1 January 2018	
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018	
HKFRS 9	Financial Instruments	1 January 2018	i
HKFRS 15	Revenue from Contracts with Customers	1 January 2018	ii
Amendments to HKFRS 15	Clarifications to HKFRS 15	1 January 2018	
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	
Amendments to HKAS 28	Investments in Associates and Joint Ventures	1 January 2018	
Amendments to HKAS 40	Transfers of Investment Property	1 January 2018	
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019	
HKFRS 16	Leases	1 January 2019	iii
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019	
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs	1 January 2019	
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019	
HKFRS 17	Insurance Contracts	1 January 2021	
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *New standards, amendments to standards and interpretations which are not yet effective (Continued)*

The Group will apply the above new standards, amendments to standards and interpretations when they become effective. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below.

Note i: HKFRS 9, "Financial instruments"

HKFRS 9 ''Financial instruments'' replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income (''OCI'') and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

For the year ended 31 March 2018, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former. The implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Note ii: HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

The Group has commenced an assessment of the impact of HKFRS 15 on the recognition of revenue and does not expect a significant impact on the recognition of revenue.

Note iii: HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of HK$1,341,000, see note 25(a).

The commitments may be covered by the exception for short-term and low value leases. Accordingly, the Group currently does not expect the new standard to have a significant impact on the Group's consolidated financial statements.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future exporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) *Business combinations (Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements is presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other income".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold improvements are depreciated over the shorter of their useful lives or unexpired period of the lease while depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land held under finance lease	Over the lease term of 35 years
Buildings	35 years
Leasehold improvements	Shorter of lease term or 5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other income" in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the balance sheet of the Company, its investments in joint ventures are stated at cost less provision for any impairment losses. Income from joint ventures is recognised by the Company on the basis of dividends received and receivable.

In the balance sheet of the Company, impairment testing of the investments in joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint ventures in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and deposits, cash and cash equivalents (Notes 2.12 and 2.13) and amount due from a director in the consolidated statement of financial position.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Borrowings (Continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and a joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for a joint venture. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and the joint venture only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Retirement benefit obligations

Hong Kong

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the MPF Scheme are held in a separately administered fund. The MPF Scheme is generally funded by payments from employees and by the Group.

The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholder after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discount and returns. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(i) Sale of goods

Sale of goods is recognised when products have been delivered to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(ii) Interest income

Interest income is recognised using the effective interest method.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.23 Dividend distribution

Dividend distribution to the owner of the subsidiaries now comprising the Group is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by finance department under policies approved by the Board of Directors. Finance department of the Group identifies, evaluates and hedge financial risks in close co-operation with the Group's operating units. The board provides guidance for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Credit risk

Credit risk of the Group mainly arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers such as trade and other receivables. The carrying amount of these balances in the financial statements represents the Group's maximum exposure to credit risk in relation to its financial assets.

Bank balances are deposited in reputable banks. Management does not expect any losses from non-performance by these banks.

Debtors of the Group may be affected by the unfavorable economic conditions and the lower liquidity situation, which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of receivables. To the extent that information is available, management has properly reflected revised estimate of expected future cash flows in their impairment assessments.

The credit quality of the customers is assessed based on its financial position, past experience and other factors. The Group has policies in place to ensure that sales of products are made to customers with appropriate credit histories.

As at 31 March 2018, the Group had a concentration of credit risk given that the top five debtors accounted for 55% of the Group's total trade receivables at the year end (2017: 46%). The Group has set up long-term cooperative relationship with these customers. In view of the history of business dealings with the customers and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balances due from these customers. However, the Group does not believe that the credit risk in relation to these customers is significant because they have no history of default in recent years.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Credit risk (Continued)

The Group performs periodic credit evaluations of its customers. For the trade receivables proved to be impaired, management has provided sufficient provision on those balances.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The directors aim to maintain flexibility in funding by obtaining additional funding from the loan facilities and monitoring cash flow forecast to maintain its going concern.

Management monitors the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Surplus cash held by Group entities over and above balances required for working capital management is invested in interest-bearing bank accounts and bank deposits with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The following tables analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the balance sheet date) and the earliest date the Group can be required to pay, except for long term bank borrowings subject to a repayment on demand clause.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The undiscounted cash flow does not include interest payments computed using contractual rates if the lender does not invoke their unconditional rights. The maturity analysis for other bank borrowings and finance lease liabilities is prepared based on the scheduled repayment dates.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 March 2018					
Long term bank borrowings subject to a repayment on demand clause	17,718	–	–	–	17,718
Other bank borrowings	–	95	95	–	190
Trade and other payables	–	14,477	–	–	14,477
	17,718	14,572	95	–	32,385
At 31 March 2017					
Long term bank borrowings subject to a repayment on demand clause	18,499	–	–	–	18,499
Other bank borrowings	–	95	95	95	285
Trade and other payables	–	19,924	–	–	19,924
	18,499	20,019	95	95	38,708

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

	Maturity analysis – Bank borrowings subject to a repayment on demand clause based on scheduled repayments		
	Within 1 year	**More than 1 year but less than 5 years**	**Total**
	HK$'000	HK$'000	HK$'000
At 31 March 2018	1,199	20,476	21,675
At 31 March 2017	1,199	21,674	22,873

(c) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates. As at 31 March 2018, the Group's borrowings at variable rate were denominated in the HK$ (2017: Same).

At 31 March 2018, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis point higher/lower with all other variables held constant, post-tax profit for the year would have been HK$78,000 (2017: HK$81,000) lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings. Total capital is calculated as 'equity' as shown in the financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The Group's gearing ratios were as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Total debt	**17,899**	18,765
Total equity	**95,035**	72,174
Gearing ratio	**19%**	26%

Note:

Decrease in gearing ratio during the year is a result of the increase in total equity.

3.3 Fair value estimation

As at 31 March 2018, the Group did not have any financial assets or financial liabilities that are measured at fair value (2017: same).

The carrying values of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provision at the end of each reporting period.

(b) Useful lives on property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5 SEGMENT INFORMATION

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in the sourcing and processing of food ingredients, which are carried out in Hong Kong.

5 SEGMENT INFORMATION (Continued)

Total revenue recognised during the year are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Sales of goods	**176,841**	166,300

The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the financial statements.

Revenues from transactions with external customers accounting for 10% or more of Group's total revenue are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Customer A	**19,394**	18,491
Customer B	**19,039**	20,213
	38,433	38,704

6 OTHER INCOME

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Sundry income	**179**	113
Gain on disposal of property, plant and equipment	**100**	–
	279	113

7 EXPENSES BY NATURE

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Cost of inventories (Note 18)	**98,812**	99,884
Employee benefit expenses (Note 8)	**18,516**	14,490
Commission	**826**	1,022
Auditor's remuneration		
– Audit related services	**1,150**	1,150
– Non-audit services	**39**	39
Depreciation of property, plant and equipment (Note 13)	**1,238**	869
Operating leases	**1,005**	934
Transportation expenses	**17,496**	17,669
Provision for impairment of trade receivables, net	**–**	11
Professional and consulting fees	**2,171**	1,318
Listing expenses	**–**	14,049
Other expenses	**8,059**	7,304
	149,312	158,739

8 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses during the year are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Wages, salaries and allowances	**16,025**	12,447
Retirement benefit costs – defined contribution plans	**1,309**	737
Others	**1,182**	1,306
	18,516	14,490

8 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments

The remuneration of every director during the year are set out below:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Other benefits HK$'000	Total HK$'000
For the year ended 31 March 2018					
Executive directors					
Mr. Liu Chi Ching (Chairman)	–	1,200	18	609	1,827
Ms. Wu Shuk Kwan (Chief executive officer)	–	600	18	264	882
Non-executive director					
Mr. Wong Chung Yeung	72	–	–	–	72
Independent non-executive directors					
Ms. Li On Lei	144	–	–	–	144
Mr. Ng Ki Man	144	–	–	–	144
Mr. Lo Siu Kit	144	–	–	–	144
	504	1,800	36	873	3,213
For the year ended 31 March 2017					
Executive directors					
Mr. Liu Chi Ching (Chairman)	–	948	18	536	1,502
Ms. Wu Shuk Kwan (Chief executive officer)	–	486	18	110	614
Non-executive director					
Mr. Wong Chung Yeung	36	–	–	–	36
Independent non-executive directors					
Ms. Li On Lei	72	–	–	–	72
Mr. Ng Ki Man	72	–	–	–	72
Mr. Lo Siu Kit	72	–	–	–	72
	252	1,434	36	646	2,368

8 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

For the year ended 31 March 2018, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2017: same).

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 March 2018 (2017: same).

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment for the year ended 31 March 2018 (2017: same).

(iii) Consideration provided to third parties for making available directors' services

No payment was made to any third parties for making available the services of them as a director of the Company for the year ended 31 March 2018 (2017: same).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors for the year ended 31 March 2018 (2017: same).

(v) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in these consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 March 2018 (2017: same).

8 EMPLOYEE BENEFIT EXPENSES – INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 2 directors for the year ended 31 March 2018 (2017: 2 directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals for the year ended 31 March 2018 (2017: 3 individuals) are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Wages, salaries and allowances	**1,344**	1,024
Retirement benefit costs-defined contribution plans	**46**	44
	1,390	1,068

The emoluments of above individuals are within the following band:

	Number of individuals Year ended 31 March	
	2018	2017
Emoluments band		
Nil – HK$1,000,000	**3**	3

9 FINANCE COSTS – NET

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Interest expense on bank borrowings	**418**	818
Interest expense on finance leases	**12**	15
Finance costs	**430**	833
Interest income from bank deposits	**(131)**	(2)
Finance costs – net	**299**	831

10 INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2018 (2017: 16.5%).

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

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Current income tax		
– Current year	**4,436**	3,314
– Over-provision in prior year	**–**	(47)
	4,436	3,267
Deferred income tax (Note 14)	**226**	19
Income tax expense	**4,662**	3,286

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group's subsidiaries as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Profit before income tax	**27,523**	6,696
Calculated at a tax rate of 16.5% (2017: 16.5%)	**4,541**	1,105
Expenses not deductible for tax purposes	**238**	2,228
Non-taxable income	**(51)**	–
Utilisation of tax loss previously not recognised	**(66)**	–
Over-provision in prior year	**–**	(47)
Income tax expense	**4,662**	3,286

Notes:

Expense not deductible for tax purposes for the year ended 31 March 2017 mainly comprised the tax effect of non-deductible listing expenses.

11 DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017:nil).

Dividend paid and declared during the year ended 31 March 2017 represented dividends declared by C.Y. Food Trading (HK) Company Limited, a subsidiary of the Company, to its then shareholder. This dividend was settled on 17 May 2016 by way of offsetting its then outstanding amounts due from a director of approximately HK$15,965,000, and with the remaining balance of approximately HK$1,035,000 being settled by cash on 24 October 2016.

The rates for dividend and the number of shares ranking for dividends for the year ended 31 March 2017 are not presented as such information is not considered meaningful for the purpose of this report.

12 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEAR – BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**22,861**	3,410
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousand)	**1,280,000**	1,109,041
Earnings per share (expressed in HK cents per share)	**1.79**	0.31

Note:

	Year ended 31 March	
	2018	2017
	'000	'000
Number of shares issued at the beginning of the year	**1,280,000**	960,000
Effect of issuance of new shares upon placing	**–**	149,041
Weighted average number of ordinary shares for basic earnings per share	**1,280,000**	1,109,041

The Group does not have any potential dilutive option or other instruments relating to ordinary shares.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016					
Cost	19,198	737	2,540	1,135	23,610
Accumulated depreciation	(2,193)	(737)	(2,486)	(611)	(6,027)
Net book amount	17,005	–	54	524	17,583
Year ended 31 March 2017					
Opening net book amount	17,005	–	54	524	17,583
Additions	–	–	305	–	305
Depreciation	(548)	–	(59)	(262)	(869)
Closing net book amount	16,457	–	300	262	17,019
At 31 March 2017					
Cost	19,198	737	2,845	1,135	23,915
Accumulated depreciation	(2,741)	(737)	(2,545)	(873)	(6,896)
Net book amount	16,457	–	300	262	17,019
Year ended 31 March 2018					
Opening net book amount	16,457	–	300	262	17,019
Additions	52,872	–	463	1,866	55,201
Depreciation	(588)	–	(143)	(507)	(1,238)
Disposal	–	–	–	–	–
Closing net book amount	68,741	–	620	1,621	70,982
At 31 March 2018					
Cost	72,070	737	3,308	2,771	78,886
Accumulated depreciation	(3,329)	(737)	(2,688)	(1,150)	(7,904)
Net book amount	68,741	–	620	1,621	70,982

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of HK$529,000 (2017: HK$428,000) and HK$709,000 (2017: HK$441,000) has been charged to cost of sales and selling and administrative expenses, respectively, for the year ended 31 March 2018.

As at 31 March 2018, all of the Group's interests in leasehold land are classified as finance lease and are located in Hong Kong with leases between 10 to 50 years (2017: same).

As at 31 March 2018, bank borrowing of HK$17,718,000 (2017: HK$18,499,000) is secured by land and buildings for the value of HK$18,500,000 (2017: HK$16,457,000).

As at 31 March 2018, finance lease of HK$181,000 (2017: HK$266,000) is secured by a motor vehicle amounted to HK$93,000 (2017: HK$217,000).

Motor vehicles includes the following amounts where the Group is a lessee under a finance lease:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Cost – capitalised finance lease	**413**	413
Accumulated depreciation	**(320)**	(196)
	93	217

14 DEFERRED INCOME TAX

The analysis of deferred income tax is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**–**	90
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(712)**	(576)

14 DEFERRED INCOME TAX (Continued)

The gross movements in the deferred income tax account are as follows:

	2018 **HK$'000**	2017 HK$'000
At beginning of the year	**(486)**	(467)
Charged to consolidated statement of comprehensive income (Note 10)	**(226)**	(19)
At end of the year	**(712)**	(486)

The movements in deferred income tax during the year are as follows:

Deferred income tax assets:

	Decelerated tax depreciation HK$'000
At 1 April 2016	117
Recognised in the consolidated statement of comprehensive income	(27)
At 31 March 2017	90
At 1 April 2017	90
Recognised in the consolidated statement of comprehensive income	(90)
At 31 March 2018	–

14 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
At 1 April 2016	(584)
Recognised in the consolidated statement of comprehensive income	8
At 31 March 2017	(576)
At 1 April 2017	(576)
Recognised in the consolidated statement of comprehensive income	(136)
At 31 March 2018	(712)

15 INTEREST IN A JOINT VENTURE

	2018 HK$'000	2017 HK$'000
At 1 April	853	–
Addition	–	1,000
Share of profit/(loss) for the year	14	(147)
At 31 March	867	853

15 INTEREST IN A JOINT VENTURE (Continued)

The following are the details of the investment in a joint venture as at 31 March 2018.

Name of company	Place of incorporation and operation	% of ownership interest	Principal activities	Measurement method
China Bright International Investment Limited	Hong Kong, Hong Kong	50%	Manufacturing of bakery products	Equity

China Bright International Investment Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investments in a joint venture, and there are no contingent liabilities of the joint venture itself as at 31 March 2018.

Summarised financial information for a joint venture

Set out below are the summarised financial information for China Bright International Investment Limited which is accounted for using the equity method.

15 INTEREST IN A JOINT VENTURE (Continued)

Summarised statement of financial position

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Current		
Cash and cash equivalents	**1,106**	885
Other current assets (excluding cash and cash equivalents)	**172**	320
Total current assets	**1,278**	1,205
Other current liabilities	**–**	(6)
Non-current		
Other non-current assets	**455**	507
Net assets	**1,733**	1,706
Interest in the joint venture @50%	**867**	853

15 INTEREST IN A JOINT VENTURE (Continued)

Summarised statement of comprehensive income

	For the year ended 31 March 2018 HK$'000	For the period ended 31 March 2017 HK$'000
Revenue	1,098	685
Profit/(loss) for the year/period	28	(294)
Share of profit/(loss) in the joint venture @50%	14	(147)

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2018 HK$'000	2017 HK$'000
Financial assets		
– Trade receivables	37,376	22,142
– Other receivables and deposits	237	97
– Cash and cash equivalents	16,133	68,924
Total	53,746	91,163
Financial liabilities		
– Trade payables	10,923	16,549
– Other payables (excluding non-financial liabilities)	3,554	3,375
– Borrowings (excluding finance lease obligation)	17,718	18,499
– Finance lease obligation	181	266
Total	32,376	38,689

17 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Trade receivables (Note a)		
– Related parties (Note 27(b))	**128**	113
– Third parties	**37,248**	22,029
	37,376	22,142
Prepayment for property, plant and equipment	**3,399**	2,631
Other prepayments	**1,031**	548
Other receivables and deposits	**237**	97
	4,667	3,276
Less non-current portion: prepayments and deposits	**(3,765)**	(2,648)
Deposits and prepayments included in current assets	**902**	628

(a) Trade receivables

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Trade receivables	**37,376**	22,142
Less: provision for impairment of trade receivables	**–**	–
	37,376	22,142

The carrying amounts of trade receivables approximate their fair values and are denominated in HK$.

17 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

The Group normally grants credit terms to its customers ranging from 0 to 120 days (2017: 0 to 90 days). The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
1 to 30 days	**18,264**	13,565
31 to 60 days	**11,823**	6,882
61 to 90 days	**4,006**	758
91 to 120 days	**2,463**	260
Over 120 days	**820**	677
Total	**37,376**	22,142

As at 31 March 2018, HK$5,935,000 (2017: HK$1,812,000) was past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

The ageing analysis of the trade receivables based on due date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Not yet past due	**31,441**	20,330
Past due but not impaired		
1 to 30 days	**4,476**	1,404
31 to 60 days	**528**	173
61 to 90 days	**795**	4
Over 90 days	**136**	231
Total	**37,376**	22,142

17 TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	2018 HK$'000	2017 HK$'000
At 1 April	–	–
Add: Provision for impairment of trade receivables	–	19
Less: Provision written off	–	(11)
Less: Amount recovered	–	(8)
At 31 March	–	–

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

18 INVENTORIES

	As at 31 March	
	2018 HK$'000	2017 HK$'000
Raw materials	663	607
Less: Provision for obsolete inventories	–	–
Inventories, net	663	607

The cost of inventories included in cost of sales during the year amounted to approximately HK$99,884,000 and HK$98,812,000 for the years ended 31 March 2017 and 2018, respectively.

19 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Cash at bank	**16,042**	68,910
Cash on hand	**91**	14
	16,133	68,924

Notes:

(a) The amounts represent cash and cash equivalents in the consolidated statement of cash flows.

(b) The Group's cash and bank balances are denominated in the following currencies:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
HK$	**16,074**	68,923
United States dollars	**12**	1
Japanese yen	**47**	–
	16,133	68,924

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary share (in thousand)	Nominal value of ordinary share HK$'000	Share premium HK$'000
Authorised share capital			
Ordinary shares of HK$0.01 each			
As at 6 April 2016 (Date of incorporation) (note a)	38,000	380	–
Increase in authorised share capital (note b)	1,962,000	19,620	–
As at 31 March 2017, 1 April 2017 and 31 March 2018	2,000,000	20,000	–
Issued and fully paid			
Ordinary shares of HK$0.01 each			
As at 6 April 2016 (Date of incorporation) (note a)	–	–	–
Issue of shares to Classic Line (note c)	10	–	–
Issue of new shares upon placing, net of share issuing expenses (note e)	320,000	3,200	61,171
Capitalisation of shares (note d)	959,990	9,600	(9,600)
As at 31 March 2017, 1 April 2017 and 31 March 2018	1,280,000	12,800	51,571

Notes:

(a) On 6 April 2016, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, one nil-paid ordinary share was allotted and issued to Classic Line.

(b) On 26 September 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by creation of an additional 1,962,000,000 shares, each ranking pari passu in all respects with the then existing shares.

(c) On 16 May 2016, Classic Line, Mr. Liu and the Company entered into a share swap deed pursuant to which the Company acquired the entire issued share capital of Eminent Ace from Classic Line and as consideration, the Company credited 10,000 nil-paid shares held by Classic Line as fully paid.

(d) Pursuant to the written resolutions passed on 26 September 2016, upon completion of the placing, the Company was authorised to capitalise a sum of approximately HK$9,600,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 959,990,000 ordinary shares of the Company.

(e) The Company's shares were successfully listed on GEM on 13 October 2016. Upon the completion of the Listing, 320,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.225 per share for a total consideration, net of share issuing expenses, of HK$64,371,000.

21 OTHER RESERVE

Other reserve of the Group represents the difference between the net book value of the entities that had been acquired and the investment consideration paid by the Company to effect a reorganisation that took place in 2017.

22 BORROWINGS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Non-current, secured		
Finance lease obligation (non-current portion) (Note (b))	**93**	181
	93	181
Current, secured		
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note (a))	**799**	781
Bank borrowings due for repayment after 1 year which contain a repayment on demand clause (Note (a))	**16,919**	17,718
Finance lease obligation (current portion) (Note (b))	**88**	85
	17,806	18,584
Total borrowings	**17,899**	18,765

All borrowings, including the bank loans which contain repayment on demand clause, are carried at amortised cost.

The carrying amounts of the borrowings approximate their fair values and are denominated in HK$. The weighted average interest rates are 2.5% and 2.5% as at 31 March 2017 and 31 March 2018, respectively.

22 BORROWINGS (Continued)

Note (a) Bank borrowings

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Bank borrowings due for repayment within 1 year which contain a repayment on demand clause (Note (i))	**799**	781
Bank borrowings due for repayment after one year which contain a repayment on demand clause (Note (i))	**16,919**	17,718
	17,718	18,499

Note (i):

As at 31 March 2017, total bank borrowings of HK$18,499,000 was secured/guaranteed by:

(i) Corporate guarantee provided by the Company; and

(ii) properties held by the Group.

As at 31 March 2018, total bank borrowings of HK$17,718,000 was secured/guaranteed by:

(i) Corporate guarantee provided by the Company; and

(ii) properties held by the Group.

22 BORROWINGS (Continued)

Note (b) Finance lease obligation

The Group's finance lease was repayable as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Gross finance lease liabilities-minimum lease payments		
No later than 1 year	**95**	95
Later than 1 year and no later than 5 years	**95**	190
	190	285
Future finance charges on finance leases	**(9)**	(19)
Present value of finance lease liabilities	**181**	266
The present value of finance lease liabilities is as follows:		
No later than 1 year	**88**	85
Later than 1 year and no later than 5 years	**93**	181
	181	266

Note: The amounts due are based on the scheduled repayment dates set out in the finance lease agreement.

The carrying amounts of the finance lease are denominated in HK$.

The finance lease as at 31 March 2017 was secured/guaranteed by:

(i) a motor vehicle with net book value of HK$217,000 as at 31 March 2017; and

(ii) a personal guaranteed executed by Mr. Liu Chi Ching, a director of the Company.

The finance lease as at 31 March 2018 was secured/guaranteed by:

(i) a motor vehicle with net book value of HK$93,000 as at 31 March 2018; and

(ii) a personal guaranteed executed by Mr. Liu Chi Ching, a director of the Company.

The rights to the leased asset are reverted to the lessor in the event of default of the lease liabilities by the Group.

23 TRADE AND OTHER PAYABLES

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Trade payables (Note (a))		
– Related parties (Note 27(b))	**24**	10
– Third parties	**10,899**	16,539
	10,923	16,549
Other payables and accruals		
– Accruals for staff cost	**2,748**	2,803
– Commission payables	**43**	70
– Accrual for listing expenses	**–**	500
– Other accruals and other payables	**1,941**	1,181
	4,732	4,554
	15,655	21,103

(a) Trade payables

As at 31 March 2017 and 31 March 2018, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
0 to 30 days	**8,756**	8,056
31 to 60 days	**1,581**	4,930
61 to 90 days	**586**	3,563
	10,923	16,549

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in HK$.

24 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash generated from operations

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Profit before income tax	**27,523**	6,696
Adjustments for:		
Finance income	**(131)**	(2)
Finance costs	**430**	833
Depreciation of property, plant and equipment (Note 7)	**1,238**	869
Gain on disposal of property, plant and equipment (Note 24 (b))	**(100)**	–
Provision for impairment of trade receivables, net	**–**	11
Share of (profit)/loss of a joint venture	**(14)**	147
Operating profit before working capital changes	**28,946**	8,554
Changes in working capital		
(Increase)/decrease in inventories	**(56)**	256
(Increase)/decrease in trade receivables	**(15,234)**	4,802
(Increase)/decrease in deposits and prepayments	**(260)**	11
Decrease in prepayment of listing expense	**–**	622
Decrease in trade payables	**(5,626)**	(11,043)
Increase in accruals and other payables	**178**	1,652
Cash generated from operations	**7,948**	4,854

(b) Net proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Net book amount of property, plant and equipment (Note 13)	**–**	–
Gain on disposal of property, plant and equipment (Notes 6, Note 24 (a))	**100**	–
Net proceeds from disposal of property, plant and equipment	**100**	–

24 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Net debt reconciliation

Liabilities from financing activities:

	Finance lease obligation	Bank borrowings	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2017	266	18,499	18,765
Cash flows – financing activities	(85)	(781)	(866)
At 31 March 2018	181	17,718	17,899

25 COMMITMENTS

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of production facilities, parking lots and director quarter are as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
– No later than 1 year	**686**	987
– Later than 1 year and no later than 5 years	**655**	63
	1,341	1,050

25 COMMITMENTS (Continued)

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Property, plant and equipment	**1,949**	–
	1,949	–

Save as disclosed above, the Group has no other material commitments as at 31 March 2017 and 31 March 2018.

26 CONTINGENCIES

As at 31 March 2018, there are no material contingent liabilities relating to the Group (2017: same).

27 RELATED-PARTY TRANSACTIONS

For the purposes of these consolidated financial Statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the years ended 31 March 2017 and 2018:

Name of the related party	Relationship with the Group
China Land Restaurant Limited	The director, Liu Chi Ching has beneficial interest in the company
Winning Tender Limited	The director, Liu Chi Ching has beneficial interest in the company
Across Well Limited	The director, Liu Chi Ching has beneficial interest in the company
Mr. Liu Chi Ching	A shareholder and director of the Company
Au Kit Ying	The owners of this partnership business are related persons to Liu Chi Ching, the shareholder and the director of the Company

27 RELATED-PARTY TRANSACTIONS (Continued)

In addition to the related party information disclosed above, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year, and balances arising from related party transactions as at year end.

(a) Transactions with related parties

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
Continuing related parties' transactions		
Sales of goods to related companies		
– China Land Restaurant Limited	**705**	679
– Winning Tender Limited	**–**	643
Rental expenses charged by a related company		
– Across Well Limited	**–**	336
Purchase of goods from a related party		
– Au Kit Ying	**89**	82

(b) Balances with related parties

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Amount due from China Land Restaurant Limited	**–**	61
Amount due from Winning Tender Limited	**128**	52
Amount due to Au Kit Ying	**24**	10

The carrying amounts of balances with related parties approximate their fair values and are denominated in HK$.

(c) Key management compensation

Key management includes executive directors of the Group. The compensation paid or payable to key management for employee services is disclosed Note 8(b).

28 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 March 2018:

Company name	Country/place of incorporation/ establishment	Registered/issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
Eminent Ace Group Limited	British Virgin Islands	US$1	Investment holding/Hong Kong	100%	–
C.Y. Food Trading (HK) Company Limited	Hong Kong	HK$1	Processing and distribution of vegetables and other food/Hong Kong	–	100%
Lion Metro Limited	British Virgin Islands	US$100	Investment holding/Hong Kong	–	100%
Healthy Cheer International Limited	Hong Kong	HK$100,000	Property holding and investment/Hong Kong	–	100%
Profit Star Holdings Limited	Seychelles	US$1	Investment holding/Hong Kong	100%	–
Eastway Logistic Company Limited	Hong Kong	HK$1	Logistic services/Hong Kong	–	100%
Better Joy Limited	Samoa	US$100	Investment holding/Hong Kong	100%	–
Jade Royal Limited	Hong Kong	HK$1	Property holding and investment/Hong Kong	–	100%
Wise Sino Limited	Hong Kong	HK$1	Property holding and investment/Hong Kong	–	100%

29 ACQUISITION OF A SUBSIDIARY

On 9 January 2018, the Group completed an acquisition (the "Acquisition") of 100% equity interest of Better Joy Limited at a total consideration of HK$8,800,000.

The only major assets owned by Better Joy Limited and its subsidiaries ("Better Joy Group") are six signed properties sales and purchase agreements, which allowed Better Joy Group to purchase five properties and three parking spaces (the "Properties") located in Kwai Tak Industrial Centre in Kwai Chung, Hong Kong. Before the Acquisition, Better Joy Group has paid HK$8,013,000 to the Properties vendors, representing 10% of consideration for the purchase of the Properties, their stamp duty and other transaction costs.

After the Acquisition, The Group completed acquiring the Properties by settling the remaining consideration of HK$41,400,000.

The Group intended to use the Properties to set up new production facility to process the additional volume of food ingredients.

As Better Joy Group did not operate any business prior to the date of Acquisition, therefore the Group considers the nature of this Acquisition as acquisition of assets in substance and the consideration should be attributable to the individual assets acquired and liabilities assumed.

The relative fair values of assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	HK$
Total consideration paid as at acquisition date	8,800,000
Assets	
Deposits and prepayments	8,800,000
Total identifiable net assets acquired	8,800,000
Cash consideration paid and cash outflow	8,800,000

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 March 2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**16,095**	7,295
Total non-current assets		**16,095**	7,295
Current asset			
Amount due from a subsidiary		**53,527**	63,191
Total current asset		**53,527**	63,191
Total assets		**69,622**	70,486
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**12,800**	12,800
Share premium	30 (a)	**51,571**	51,571
Other reserve	30 (a)	**6,295**	6,295
Accumulated losses	30 (a)	**(1,144)**	(305)
Total equity		**69,522**	70,361
LIABILITY			
Current liabilities			
Accruals and other payables		**100**	125
Total liabilities		**100**	125
Total equity and liabilities		**69,622**	70,486

The statement of financial position of the Company was approved for issue by the Board of Directors on 20 June 2018 and were signed on its behalf.

Liu Chi Ching	**Wu Shuk Kwan**
Director	Director

30 STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000
At 6 April 2016 (date of incorporation)	–	–	–
Issuance of shares and effects of reorganisation	–	6,295	–
Issue of new shares upon placing, net of share issuing expenses	61,171	–	–
Capitalisation of shares	(9,600)	–	–
Loss for the period	–	–	(305)
At 31 March 2017 and 1 April 2017	51,571	6,295	(305)
Loss for the year	–	–	(839)
At 31 March 2018	51,571	6,295	(1,144)

Other reserve represents the different of the nominal value of the share issued and the net asset value of the subsidiaries of the Company upon reorganisation on 13 May 2016 and 22 June 2016, respectively.