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GOAL RISE LOGISTICS (CHINA) HOLDINGS LIMITED

健升物流(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1529)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021 (the “**Year**”), operating results of Goal Rise Logistics (China) Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) were as follows:

- The Group recorded revenue of RMB211.8 million (2020: RMB185.2 million), representing an increase of RMB26.6 million or 14.4% as compared with the year ended 31 December 2020 (the “**Previous Year**”).
- Loss for the Year was RMB17.1 million (Previous Year: profit of RMB2.5 million) which attributable to provision for impairment on property, plant and equipment of approximately RMB16.5 million due to the local government’s land resumption plans involving the land at which four of the Group’s warehouses are situated.
- The basic loss per share for the Year was approximately RMB2.12 cents (Previous Year: basic earnings per share of RMB0.31 cents).
- The directors of the Company (the “**Directors**”) do not recommend the payment of a final dividend for the Year (Previous Year: nil).

ANNUAL RESULTS

The board (the “**Board**”) of Directors is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	3	211,779	185,198
Other income and gains, net		4,055	1,411
Employee benefits expenses		(71,682)	(72,854)
Subcontracting expenses		(80,235)	(46,483)
Lease payment relating to short-term leases		(28,282)	(9,134)
Impairment of property, plant and equipment		(16,479)	–
Depreciation of property, plant and equipment		(1,912)	(3,143)
Depreciation of right-of-use assets		(9,658)	(17,325)
Other expenses	5	(26,705)	(27,218)
Operating (loss)/profit		(19,119)	10,452
Finance costs	6	(1,963)	(3,438)
(Loss)/profit before income tax		(21,082)	7,014
Income tax credit/(expense)	7	3,980	(4,551)
(Loss)/profit for the year		(17,102)	2,463
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted (<i>in RMB cents</i>)	9	(2.12)	0.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss)/profit for the year	(17,102)	2,463
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	<u>(233)</u>	<u>–</u>
Other comprehensive loss for the year, net of tax	<u>(233)</u>	<u>–</u>
Total comprehensive (loss)/income for the year attributable to the owners of the Company	<u>(17,335)</u>	<u>2,463</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,294	20,431
Right-of-use assets		9,094	49,495
Rental deposits	<i>10</i>	572	3,192
Financial assets at fair value through profit or loss		<u>6,000</u>	–
		<u>17,960</u>	<u>73,118</u>
Current assets			
Trade and other receivables	<i>10</i>	58,424	79,943
Bond measured at amortised cost		40,000	–
Cash and cash equivalents		<u>68,162</u>	<u>74,965</u>
		<u>166,586</u>	<u>154,908</u>
Total assets		<u><u>184,546</u></u>	<u><u>228,026</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>12</i>	7,450	6,761
Reserves		<u>123,179</u>	<u>127,477</u>
Total equity		<u><u>130,629</u></u>	<u><u>134,238</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		6,337	36,571
Deferred income tax liabilities		<u>489</u>	<u>456</u>
		<u>6,826</u>	<u>37,027</u>
Current liabilities			
Trade and other payables	<i>11</i>	43,032	26,716
Lease liabilities		3,286	15,070
Bank borrowing		–	10,000
Current income tax liabilities		<u>773</u>	<u>4,975</u>
		<u>47,091</u>	<u>56,761</u>
Total liabilities		<u><u>53,917</u></u>	<u><u>93,788</u></u>
Total equity and liabilities		<u><u>184,546</u></u>	<u><u>228,026</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Goal Rise Logistics (China) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company’s registered office is Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands. The principal place of business in Hong Kong is Unit B, 23/F., Central 88, No. 88–98 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and together with its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of transportation, warehousing, in-plant logistics and customisation services.

The consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss, which are carried at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs 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.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing on 1 January 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions

The amendments above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted

The following new standards, amendments and interpretations have been published but are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions Beyond 2021	1 April 2021
Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-Scope Amendments	1 January 2022
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 — Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The directors have assessed the financial impact of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline of the Group. These standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments to existing standards, interpretations and accounting guideline when they become effective.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with external customers

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Recognised over time		
— Transportation service	95,565	66,018
— Warehousing service	43,709	48,504
— In-plant logistics service	70,942	69,739
Recognised at a point in time		
— Customisation service	1,563	937
	<u>211,779</u>	<u>185,198</u>

The Group did not recognise any revenue-related contract assets and liabilities during the years ended 31 December 2021 and 2020.

4. SEGMENT INFORMATION

The Group's operating segments, which also represent the Group's reportable segments, are determined based on information reported to the chief operating decision maker (the "CODM") of the Group, the CODM has been identified as the executive directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (i) Transportation service;
- (ii) Warehousing service;
- (iii) In-plant logistics service; and
- (iv) Customisation service.

Reportable segment results represent the profit or loss resulted by each segment and exclude bank interest income, interest income from bond measured at amortised cost, interest expenses on bank borrowing, impairment for property, plant and equipment, change in fair value of financial assets at fair value through profit or loss, and unallocated corporate income and expenses.

Year ended 31 December 2021

	Transportation service <i>RMB'000</i>	Warehousing service <i>RMB'000</i>	In-plant logistics service <i>RMB'000</i>	Customisation service <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:					
Sales to external customers	<u>95,565</u>	<u>43,709</u>	<u>70,942</u>	<u>1,563</u>	<u>211,779</u>
Segment results	<u><u>9,110</u></u>	<u><u>(4,890)</u></u>	<u><u>16,013</u></u>	<u><u>610</u></u>	<u><u>20,843</u></u>
Bank interest income					762
Interest income from bond measured at amortised cost					664
Interest expenses on bank borrowing					(574)
Impairment of property, plant and equipment					(16,479)
Unallocated corporate income					590
Unallocated corporate expenses					<u>(26,888)</u>
Loss before income tax					<u><u>(21,082)</u></u>

	Transportation service <i>RMB'000</i>	Warehousing service <i>RMB'000</i>	In-plant logistics service <i>RMB'000</i>	Customisation service <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information:						
Depreciation of property, plant and equipment	(342)	(404)	-	-	(1,166)	(1,912)
Depreciation of right-of-use assets	-	(8,707)	-	-	(951)	(9,658)
Loss on disposals of property, plant and equipment	-	-	-	-	(47)	(47)
Capital expenditure	-	-	-	-	(301)	(301)
Income tax credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,980</u>	<u>3,980</u>

Year ended 31 December 2020

	Transportation service <i>RMB'000</i>	Warehousing service <i>RMB'000</i>	In-plant logistics service <i>RMB'000</i>	Customisation service <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:					
Sales to external customers	66,018	48,504	69,739	937	185,198
Segment results	<u>10,707</u>	<u>1,577</u>	<u>16,861</u>	<u>368</u>	29,513
Bank interest income					1,114
Interest expenses on bank borrowing					(131)
Unallocated corporate income					1,275
Unallocated corporate expenses					<u>(24,757)</u>
Profit before income tax					<u>7,014</u>

	Transportation service <i>RMB'000</i>	Warehousing service <i>RMB'000</i>	In-plant logistics service <i>RMB'000</i>	Customisation service <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information:						
Depreciation of property, plant and equipment	(523)	(2,425)	(19)	-	(176)	(3,143)
Depreciation of right-of-use assets	(446)	(16,246)	-	-	(633)	(17,325)
Loss on disposals of property, plant and equipment	-	-	-	-	(17)	(17)
Capital expenditure	-	-	-	-	(3,788)	(3,788)
Income tax expense	-	-	-	-	(4,551)	(4,551)

Other than the segment revenue and segment results analysis presented above, no analysis of segment assets or liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group principally operates in the PRC.

During the year ended 31 December 2021, 97% (2020: 96%) of the Group's revenue from external customers, based on the operation location of respective customers, is derived from the PRC.

As at 31 December 2021 and 2020, all of the Group's property, plant and equipment and right-of-use assets are located in the PRC.

Information about major customers

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	85,686	57,129
Customer B	56,176	55,272
Customer C	25,061	38,623

5. OTHER EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Auditor's remuneration	1,000	1,124
Entertainment expenses	1,017	776
Equity-settled share-based expense for non-employees	–	335
Fleet operating expenses	4,962	3,902
Insurance expenses	785	837
Legal and professional fees	1,779	3,283
Loss on disposals of property, plant and equipment	47	17
Other taxes and surcharges	451	521
Outsourced labour costs	7,366	5,971
Repair and maintenance expenses	982	523
Telephone and communication fees	392	458
Travelling expenses	393	355
Utilities expenses	1,558	3,675
Other operating expenses	5,973	5,441
	<u>26,705</u>	<u>27,218</u>

6. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expenses on lease liabilities	1,389	3,307
Interest expenses on bank borrowing	574	131
	<u>1,963</u>	<u>3,438</u>

7. INCOME TAX CREDIT/(EXPENSE)

The PRC Enterprise Income Tax standard rate is calculated at 25% (2020: 25%) of the estimated assessable profits for the current year. One of the subsidiaries is entitled to preferential tax concession rate at 15% as it has obtained the High and New Tech Enterprises license. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No Hong Kong profits tax has been provided in the consolidated financial statements as there is no assessable profits arising in Hong Kong during years ended 31 December 2021 and 2020.

The amount of income tax credit/(expense) charged to the consolidated income statement represented:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
The PRC Enterprise Income Tax		
— Current year	(163)	(3,711)
— Over-provision in prior years	4,176	—
	4,013	(3,711)
Deferred income tax	(33)	(840)
	3,980	(4,551)

8. DIVIDENDS

The directors have resolved not to declare any dividend for the year ended 31 December 2021 (2020: Nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
(Loss)/profit for the year attributable to the owners of the Company (<i>RMB'000</i>)	17,102	2,463
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>804,918</u>	<u>800,000</u>
Basic (loss)/earnings per share (<i>RMB cents</i>)	<u>(2.12)</u>	<u>0.31</u>

(b) Diluted

Diluted (loss)/earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares. For the year ended 31 December 2021, the Group has one (2020: one) category of dilutive potential ordinary shares: share options (2020: share options).

Share options were not assumed to be exercised as they would have an anti-dilutive impact to the (loss)/profit attributable to the owners of the Company per share, for the year ended 31 December 2021 (2020: Same).

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (<i>Note a</i>)	45,760	70,519
Prepayments	935	2,847
Other receivables	2,136	–
Deposits	<u>10,165</u>	<u>9,769</u>
Less: Non-current portion	58,996	83,135
Rental deposits	<u>(572)</u>	<u>(3,192)</u>
Current portion	<u>58,424</u>	<u>79,943</u>

Note:

(a) Trade receivables

The Group normally grants credit terms to its customers ranging from 0 to 150 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 30 days	31,737	28,720
31 to 60 days	7,145	14,667
61 to 90 days	5,972	14,122
Over 90 days	906	13,010
	45,760	70,519

The carrying amount of trade receivables approximate their fair value.

11. TRADE AND OTHER PAYABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	31,375	15,077
Accrued employee benefit expenses	5,065	6,733
Other accrued expenses and other tax payable	1,803	1,541
Other payables	4,789	3,365
	43,032	26,716

The ageing analysis of the trade payables based on invoice date were as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 30 days	21,487	10,589
31 to 60 days	4,297	3,340
61 to 90 days	4,314	649
Over 90 days	1,277	499
	31,375	15,077

The credit period granted by the Group's suppliers mainly ranges from 30 to 90 days.

12. SHARE CAPITAL

	Number of shares (thousand)		Share capital	
	2021	2020	2021 HK\$'000	2020 HK\$'000
Authorised:				
At 1 January and 31 December	<u>10,000,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:				
At 1 January	800,000	800,000	8,000	8,000
Issue of shares through share subscription (<i>Note a</i>)	80,000	–	800	–
Issue of shares upon exercise of share options	<u>4,400</u>	<u>–</u>	<u>44</u>	<u>–</u>
At 31 December	<u>884,400</u>	<u>800,000</u>	<u>8,844</u>	<u>8,000</u>
			Share capital	
			2021	2020
			RMB'000	RMB'000
Issued and fully paid:				
At 1 January			6,761	6,761
Issue of shares through share subscription (<i>note (a)</i>)			653	–
Issue of shares upon exercise of share options			<u>36</u>	<u>–</u>
At 31 December			<u>7,450</u>	<u>6,761</u>

All shares issued during the years ended 31 December 2021 and 2020 rank pari passu in all respects with the existing shares of the Company.

Note:

- (a) On 10 December 2021, the Company issued an aggregate of 80,000,000 shares with a price of HK\$0.20 each. The gross proceed from the share subscription was approximately HK\$16,000,000 (approximately RMB13,050,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group offers transportation services which primarily involve the delivery of the customers' production materials, components and finished goods to their downstream clients, manufacturing plants and/or designated locations. The Group has two warehouses located in the Guangdong Province with a total gross floor area of approximately 66,000 square metres which offer warehousing services to customers. The Group's in-plant logistics services cover the management of the movement of (i) production materials and components and work-in-progress to the production lines within the customers' manufacturing plants; and (ii) finished goods out to their factory gate. The Group's range of services gives it a competitive advantage over other logistics service providers in the PRC which offer only a limited range of services.

The unexpected outbreak of the COVID-19 has brought unprecedented impact to the world economy. The domestic economy is in an undulating recovery thanks to the government's strict prevention and control measures and its experience containing the pandemic. However, the whole logistics industry has been heavily disrupted since 2020, especially the efficiency of logistics flow. The spiralling outsourced labour and shipping costs have hit the Group, the Group have been struggling to cope with operation costs as well as the economic fallout from the pandemic.

During the year ended 31 December 2021 (the "Year"), higher outsourced labour costs was incurred in order to maintain a stable labour supply and to cope with the adjustment of customers' production schedules. Sub-contracting expenses for international freight forwarding agency service has climbed dramatically caused by the global shipping container shortage.

The overall demand for the Group's operation in the provision of both domestic transportation and international freight forwarding agency service, have yet to resume to the normal level before the pandemic. Considering the market uncertainty, the Group has been managing operating expenses and reducing marketing and promotion budgets cautiously. Since the Group's operation is service-oriented and labour intensive, we have taken measures to minimise the risk of exposure to infection. We provided our delivery personnel with face masks, hand sanitizers and other protective equipment immediately after the outbreak and required all our staff, drivers and workers to put on face masks at all times when they were on duty and be highly aware of personal hygiene.

Land resumption plans

Following the local government's land resumption plans which involve the land at which four of the Group's warehouses (the "**Relevant Warehouses**") are situated, the Group has found a suitable replacement warehouse and a new warehouse in Dongguan with a total gross floor area of approximately 54,000 square metres started its operation in the third quarter of 2020.

The Group ceased using the Relevant Warehouses at the end of July 2021 and impairment on property, plant and equipment of RMB16.5 million have been provided during the Year for the relevant leasehold improvement and equipment which cannot be relocated to the new warehouse in Dongguan. Accordingly, the right-of-use assets with a carrying amount of RMB25.6 million and corresponding lease liabilities with a carrying amount of RMB27.6 million in relation to the leases of the Relevant Warehouses and certain forklifts were derecognised.

The Group has applied to the local government for compensation or ex gratia payment for the impact of the land resumption plans. Further announcements will be made by the Company in respect of any material development regarding the compensation related to the land resumption plans as when appropriate. As of the date of this announcement, the lawyer are of the opinion that, the compensation is remote.

Despite the positive revenue growth, since higher operation costs and the provision for impairment on property, plant and equipment of the Relevant Warehouses was incurred during the Year, the Group recorded a loss for the Year of RMB17.1 million compared to profit for the year ended 31 December 2020 (the "**Previous Year**") of RMB2.5 million.

Outlook

The containment of the pandemic in the macroeconomic environment is still uncertain despite the distribution of vaccines across the world. The evolving pandemic will remain the biggest uncertainty the Group will face in 2022. The Group will continue to assess the impact of the pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the pandemic on an ongoing basis, being cautious about the scattered cases in China, progress of COVID-19 control, possible rebound of the pandemic, prevalent spread of the new virus variants, and preventive measures local governments might implement, which would limit the Group's flexibility in the provision of domestic and international logistics services.

Nonetheless, the Group considers that its financial resources remain sufficiently strong to enable us to navigate through this pandemic crisis and it appears to have gotten back on a growth track. The Group will remain cautious and continue to review and act decisively by enhancing its business continuity plans, taking effective cost control measures, ensuring minimal disruption to the customers and taking all possible measures to maintain a safe operation environment for the employees.

Looking forward, taking the advantage of the economic development in the Greater Bay Area, the Group will leverage its business strengths and aim to extend business opportunities in the region. The Group also expects to actively diversify the logistics services to a broader spectrum of industries, which in anticipation of any potential change in the customers' operation demand for logistics services, the Group will also actively consider to explore business opportunities to accommodate their needs.

FINANCIAL REVIEW

Revenue

The Group is principally engaged in provision of transportation, warehousing, in-plant logistics and customisation service. The overall revenue of the Group increased by RMB26.6 million or 14.4% from RMB185.2 million for the Previous Year to RMB211.8 million for the Year.

Transportation service

Transportation service primarily involved (i) the delivery of the customers' production materials or components from their suppliers to their manufacturing plants; (ii) the arrangement for transportation of the customers' finished goods to their designated locations or downstream customers; (iii) sea transportation services; and (iv) international freight forwarding agency services. The transportation service of the Group primarily covered across the PRC and has expanded to Egypt since late 2018.

Revenue from the transportation service recorded an increase of 44.8% from RMB66.0 million for the Previous Year to RMB95.6 million for the Year mainly attributable to an increase in unit price for international freight forwarding agency services caused by global shipping container shortage and disruption from lockdowns.

Warehousing service

The warehousing service of the Group included provision of inventory storage and management services. As at 31 December 2021, the Group had two warehouses in the PRC with total gross floor area of approximately 66,000 square metres.

Revenue from the warehousing service decreased by 9.9% from RMB48.5 million for the Previous Year to RMB43.7 million for the Year mainly due to ceased using the Relevant Warehouses at the end of July 2021 pursuant to the local government's land resumption plans.

In-plant logistics service

The in-plant logistics service primarily included management of the movement of (i) production materials and components and work-in-progress to the production lines within the customers' manufacturing plants; and (ii) finished goods out to factory gate of the customers.

Revenue generated from the in-plant logistics service slightly increased by 1.7% from RMB69.7 million for the Previous Year to RMB70.9 million for the Year.

Customisation service

The customisation service mainly comprised of labelling services and bundling services which is subject to the demand from its customers on an as-needed basis.

Revenue generated from the customisation service amounted to RMB0.9 million and RMB1.6 million for the Previous Year and the Year, respectively.

Other income and gains, net

Other income and gains, net mainly consisted of gain on lease modification, bank interest income, government grants and net exchange losses. A net gain increased from RMB1.4 million for the Previous Year to RMB4.1 million for the Year mainly due to (i) increase in gain on lease modification by RMB2.1 million principally attributed by the derecognition of right-of-use assets and corresponding lease liabilities for the Relevant Warehouse since July 2021 as a result of the local government's land resumption plan; and (ii) decrease in net exchange loss arising from the translation of foreign currency denominated monetary items by RMB0.9 million.

Employee benefits expenses

Employee benefits expenses primarily consisted of (i) wages and salaries; (ii) social security fund and insurance contribution; and (iii) other allowances and benefits.

The employee benefits expenses remained relatively stable at RMB72.9 million and RMB71.7 million for the Previous Year and the Year, respectively.

Sub-contracting expenses

Sub-contracting expenses primarily represented the amount paid to subcontractors for the provision of certain transportation services. Sub-contracting expenses were incurred for the orders for domestic transportation service and international freight forwarding agency services by our customers, whereby the Group, through outsourcing to independent subcontractors, assisted the customers to obtain cargo space from shipping companies or shipping agents that meet their requirements. The sub-contracting expenses increased by RMB33.7 million from RMB46.5 million for the Previous Year to RMB80.2 million for the Year mainly contributed by the higher subcontracting expenses for international freight forwarding agency services caused by the global shipping container shortage as a result of the outbreak of COVID-19.

Lease payment relating to short-term leases

Short-term lease payment mainly comprised lease payments for rental expense for office premises, warehouses, staff quarters and forklifts, which do not meet the definition of lease liability as lessee under HKFRS 16. Short-term lease payment increased significantly from RMB9.1 million for the Previous Year to RMB28.3 million for the Year due to increase in lease payments associated with short-term leases for new warehouses in Dongguan during the Year.

Impairment of property, plant and equipment

Pursuant to the local government's land resumption plans involving the Relevant Warehouses are situated, the Group ceased using the Relevant Warehouses at the end of July 2021, the relevant leasehold improvement and equipment that are being used or installed in the Relevant Warehouses cannot be relocated to the new warehouse in Dongguan and subject to disposal and written-off, provision for impairment of property, plant and equipment of approximately RMB16.5 million was therefore recognised during the Year (Previous Year: Nil).

Depreciation of right-of-use assets

The Group has certain leases pursuant to HKFRS 16 in respect of (i) premises comprising warehouses, office premises and staff quarters; and (ii) plant and machinery such as forklifts. The depreciation of right-of-use assets decreased from RMB17.3 million for the Previous Year to RMB9.7 million for the Year mainly due to derecognition of right-of-use assets of the Relevant Warehouses since July 2021 as a result of the local government's land resumption plan.

Finance costs

Finance costs mainly represented interest expenses on lease liabilities and bank borrowing. Finance costs decreased from RMB3.4 million for the Previous Year to RMB2.0 million for the Year mainly attributable by the derecognition of lease liabilities of the Relevant Warehouses since July 2021 as a result of the local government's land resumption plan.

Other expenses

Other expenses mainly include (i) fleet vehicles operating expenses which mainly include fuel costs and maintenance expenses of our fleet vehicles; (ii) utilities expenses which mainly include water and electricity expenses; (iii) office and telephone expenses which mainly include general office expenses and long-distance calling fees; (iv) insurance expenses for the warehouses and transportations; (v) entertainment and travelling expenses for business soliciting; and (vi) others which mainly include maintenance expenses for the warehouses, professional fees and other miscellaneous expenses.

Other expenses remained relatively stable at RMB27.2 million and RMB26.7 million for the Previous Year and the Year, respectively.

(Loss)/profit for the year

As a result of the aforesaid, the Group recorded a loss of RMB17.1 million for the Year (Previous Year: profit of RMB2.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations. As at 31 December 2021, the Group had net current assets of RMB119.5 million (2020: RMB98.1 million) and cash and cash equivalents of RMB68.2 million (2020: RMB75.0 million). The Directors confirm that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

GEARING RATIO

The Group monitors its capital on the basis of the gearing ratio, which is expressed as a percentage of net debt divided by total capital. Net debt is calculated as the sum of lease liabilities and bank borrowing less cash and cash equivalents. Total capital represents total equity as shown on the consolidated statement of financial position of the Group.

Since the amount of cash and cash equivalents exceeded that of lease liabilities and bank borrowing, the Group is at net cash position as at 31 December 2021 and 2020. Thus, the gearing ratio was not applicable as at 31 December 2021 and 2020.

CAPITAL STRUCTURE

There has been no material change in capital structure of the Company during the Year. The capital of the Company comprises solely ordinary shares. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt.

FOREIGN CURRENCY EXPOSURE

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

CHARGE ON THE GROUP'S ASSETS

The Group did not have any charge on its assets as at 31 December 2021 (2020: nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2021 (2020: nil).

CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any material capital commitment.

At 31 December 2020, the Group had capital commitments for property, plant and equipment, amounting to RMB632,000.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ADDITIONS OF CAPITAL ASSETS

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the Year, nor there were any future plans for material investments or additions of capital assets as at 31 December 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 687 (2020: 793) full time employees. The Group determines the employee's remuneration based on factors such as qualification, duty, contributions, work experience, the prevailing market conditions and the Group's remuneration policy. Employees' benefits include contributions to retirement scheme and share options under the Company's share option scheme. To enhance the expertise of our employees, the Group also provides them on-the-job training and sponsors them to attend external training courses and seminars.

EVENTS AFTER THE REPORTING PERIOD

In February 2022, the Board of Directors proposes to change the English name of the Company from "Goal Rise Logistics (China) Holdings Limited" to "Yues International Holdings Group Limited" and the dual foreign name in Chinese of the Company from "健升物流(中國)控股有限公司" to "樂氏國際控股集團有限公司".

The change of company name was approved by the shareholders at the extraordinary general meeting of the Company convened on 23 March 2022 and will take effect subject to approval from the Registrar of Companies in the Cayman Islands.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except of share option scheme, during the year ended 31 December 2021, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE

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

To accomplish this, the Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the year ended 31 December 2021.

COMPETING INTERESTS

For the year ended 31 December 2021, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and the code of conduct adopted by the Company and there was no event of non-compliance throughout the year ended 31 December 2021 and up to the date of this announcement.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Linksfield CPA Limited ("**Linksfield**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by Linksfield in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Linksfield on this announcement.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "**Audit Committee**") are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management procedures of the Group. The Audit Committee comprises the three INEDs, namely, Mr. Law Cho Kwan Derek, Mr. Yu Chun Man and Mr. Shao Wei. Mr. Law Cho Kwan Derek is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021 and is of the view that such financial statements have been prepared in compliance with the applicable accounting standards, and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on Friday, 17 June 2022. A notice convening the AGM will be published in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 June 2022 to Friday, 17 June 2022, both days inclusive during which no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Friday, 10 June 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.goalrise-china.com). The annual report of the Group for the year ended 31 December 2021 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Goal Rise Logistics (China) Holdings Limited
Le Kang
Chairman

Hong Kong, 30 March 2022

As at the date of this announcement, the Board consists of four executive Directors, Mr. Le Kang, Mr. Li Jiahao, Mr. Li Jiali and Mr. Song Ruipeng; and four independent non-executive Directors, Mr. Shao Wei, Mr. Law Cho Kwan Derek, Mr. Yu Chun Man and Ms. Wong Carol Ka-low.