

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FRESH EXPRESS DELIVERY HOLDINGS GROUP CO., LTD

鮮馳達控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

RESULTS

The Board of Directors (the “Board”) of Fresh Express Delivery Holdings Group Co., Ltd (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2018, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 RMB'000	2017 RMB'000
Revenue	3	978,781	1,520,846
Cost of inventories sold		(914,226)	(1,426,070)
Gross profit		64,555	94,776
Other income	4	2	1,412
Staff costs		(17,510)	(18,871)
Operating lease rentals		(4,644)	(1,972)
Depreciation		(19,221)	(14,801)
Other operating expenses		(8,455)	(11,157)
Profit from operations		14,727	49,387
Finance costs	6	(1,430)	(1,906)
Profit before tax		13,297	47,481
Income tax	7	(5,304)	(7,238)

	<i>Notes</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Profit for the year	8	7,993	40,243
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>6,720</u>	<u>(11,381)</u>
Total comprehensive income for the year		<u>14,713</u>	<u>28,862</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		8,055	40,279
Non-controlling interests		<u>(62)</u>	<u>(36)</u>
		<u>7,993</u>	<u>40,243</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		14,775	28,898
Non-controlling interests		<u>(62)</u>	<u>(36)</u>
		<u>14,713</u>	<u>28,862</u>
Earnings per share	<i>10</i>		
Basic (RMB cents per share)		<u>0.54</u>	<u>3.78</u>
Diluted (RMB cents per share)		<u>0.54</u>	<u>3.78</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	<i>Notes</i>	2018 RMB'000	2017 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		671,701	671,892
Prepaid land lease payments		23,168	23,844
		<u>694,869</u>	<u>695,736</u>
Current assets			
Inventories	<i>11</i>	4,799	162,112
Trade receivables	<i>12</i>	28,856	146,767
Prepaid land lease payments		676	676
Prepayments, deposits and other receivables	<i>13</i>	15,662	185,332
Bank and cash balances		30,643	19,291
		<u>80,636</u>	<u>514,178</u>
Current liabilities			
Trade payables	<i>14</i>	11,723	67,295
Accruals and other payables	<i>15</i>	6,807	127,880
Current tax liabilities		4,966	10,391
		<u>23,496</u>	<u>205,566</u>
Net current assets		<u>57,140</u>	<u>308,612</u>
Total assets less current liabilities		<u>752,009</u>	<u>1,004,348</u>
Non-current liabilities			
Borrowings	<i>16</i>	–	333,569
NET ASSETS		<u>752,009</u>	<u>670,779</u>
Capital and reserves			
Share capital	<i>17</i>	13,869	11,329
Reserves		738,140	659,388
Equity attributable to owners of the Company		<u>752,009</u>	<u>670,717</u>
Non-controlling interests		–	62
TOTAL EQUITY		<u>752,009</u>	<u>670,779</u>

NOTES

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

Fresh Express Delivery Holdings Group Co., Ltd (the “Company”) was incorporated in the Cayman Islands on 8 April 2004 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office and principal place of business are disclosed in the corporate information section of the annual report. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively the “Group”) was principally engaged in cold chain food integrated distribution in the People’s Republic of China (the “PRC”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

The Group’s revenue is analysed as follows:

	2018 RMB’000	2017 <i>RMB’000</i>
Revenue from external customers	978,781	1,520,846

4. OTHER INCOME

	2018 RMB’000	2017 <i>RMB’000</i>
Interest income	2	335
Rental income	–	1,077
	2	1,412

5. SEGMENT INFORMATION

The Group has only one reportable operating segment for financial reporting purposes, reported as the trading of convenience food products.

All the revenue are generated from the PRC. Information about revenue from the Group's two (2017: one) customers individually contributing over 10% of total revenue of the Group as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Customer A	153,599	N/A*
Customer B	142,610	N/A*
Customer C	N/A*	164,243
	296,209	164,243

* *Customers did not contribute more than 10% of the total consolidated revenue of the Group for the years ended 31 March 2017 and 2018.*

In presenting the geographical information, revenue is based on the locations of the customers. At the end of the reporting period, all non-current assets of the Group were located in the PRC.

6. FINANCE COSTS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Interest expenses on borrowings	1,430	1,906

7. INCOME TAX

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current tax:		
Provision for the PRC enterprise income tax	5,304	7,238

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2018 and 31 March 2017 as the Group did not generate any assessable profits arising in Hong Kong during these years. The Group entities incorporated in the PRC are subject to PRC enterprise income tax that were taxed based on the statutory income tax rate of 25% for the years ended 31 March 2018 and 31 March 2017, in which, an entity incorporated in the Tibet Autonomous Region of the PRC was entitled to preferential tax rates of 9% for the years ended 31 March 2018 and 31 March 2017 as determined in accordance with the relevant PRC income tax rules and regulations.

The reconciliation between the income tax and the profit before tax are as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Profit before tax	<u>13,297</u>	<u>47,481</u>
Notional tax on profit before tax calculated at the PRC statutory rate	3,324	11,870
Effect of different tax rates in other tax jurisdictions	(5,553)	(6,582)
Tax effect of non-deductible expenses	<u>7,533</u>	<u>1,950</u>
Income tax for the year	<u><u>5,304</u></u>	<u><u>7,238</u></u>

The Group had no significant deferred tax for the years ended 31 March 2018 and 2017.

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Auditor's remuneration	1,087	1,027
Cost of inventories sold	914,226	1,426,070
Amortisation of prepaid land lease payments	676	507
Depreciation	19,221	14,801
Minimum lease payments under operating leases in respect of land and buildings	4,644	1,972
Equity-settled share-based payment expenses to consultants	–	3,503
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	17,479	18,076
Equity-settled share-based payment expenses	–	764
Retirement benefits scheme contributions	31	31
	<u><u>17,510</u></u>	<u><u>18,871</u></u>

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2018 and 2017.

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for year attributable to owners of the Company of approximately RMB8,055,000 (2017: approximately RMB40,279,000) and the weighted average number of 1,495,393,106 (2017: 1,066,391,791) ordinary shares in issue during the year.

Diluted earnings per share

No diluted earnings per share is presented in both years, as the Company did not have any dilutive potential ordinary shares for the Company's outstanding options.

11. INVENTORIES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Finished goods	<u>4,799</u>	<u>162,112</u>

12. TRADE RECEIVABLES

Other than cash sales, invoices are normally payable within 30 days of issuance. Trade receivables are recognised and carried at their original invoiced amounts less allowance for impairment when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An aging analysis of the trade receivables at the end of the reporting period, based on invoice dates, is as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
30 days or less	16,606	55,815
31 to 90 days	7,913	90,952
91 to 120 days	4,337	–
	<u>28,856</u>	<u>146,767</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Prepayments	7,452	133,273
Deposits	557	341
Other receivables	7,653	51,718
	<u>15,662</u>	<u>185,332</u>

As at 31 March 2017, prepayments of approximately RMB133 million was paid to three major suppliers for guarantee the purchases of goods.

As at 31 March 2017, other receivables of approximately RMB50 million is related to the acquisition of assets during the year.

14. TRADE PAYABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade payables	<u>11,723</u>	<u>67,295</u>

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
30 days or less	10,928	65,355
31 to 90 days	467	1,940
Over 90 days	328	-
	<u>11,723</u>	<u>67,295</u>

15. ACCRUALS AND OTHER PAYABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Accruals and other payables	6,807	34,171
Receipts in advances	–	14,709
Consideration payable	–	79,000
	<u>6,807</u>	<u>127,880</u>

Consideration payable of RMB79 million as at 31 March 2017 was related to the acquisition of assets in 2017 and had been settled during the year ended 31 March 2018.

16. BORROWINGS

As at 31 March 2017, the carrying amounts of the Group's other borrowings are denominated in RMB, unsecured, repayable in May 2018 and interest-free. The amount had been settled during the year ended 31 March 2018.

17. SHARE CAPITAL

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<i>Authorised:</i>		
Ordinary shares:		
19,800,000,000 ordinary shares of HK\$0.01 each	157,061	157,061
Preference shares:		
200,000,000 ordinary shares of HK\$0.01 each	<u>1,586</u>	<u>1,586</u>
Total	<u>158,647</u>	<u>158,647</u>
<i>Issued and fully paid:</i>		
Ordinary shares:		
1,646,287,188 ordinary shares of HK\$0.01 each (31 March 2017: 1,346,827,188 ordinary shares of HK\$0.01 each)	<u>13,869</u>	<u>11,329</u>

A summary of the movements in the issued share capital of the Company is as follows:

	<i>Notes</i>	Number of shares	Nominal value of shares RMB'000
<i>Ordinary shares:</i>			
At 1 April 2016		643,597,188	5,277
Placing of shares	<i>(a)</i>	450,510,000	3,809
Placing of shares	<i>(b)</i>	218,820,000	1,942
Shares issued under share option scheme	<i>(c)</i>	<u>33,900,000</u>	<u>301</u>
At 31 March 2017 and 1 April 2017		1,346,827,188	11,329
Placing of shares	<i>(d)</i>	271,660,000	2,309
Shares issued under share option scheme	<i>(e)</i>	<u>27,800,000</u>	<u>231</u>
At 31 March 2018		<u>1,646,287,188</u>	<u>13,869</u>

Notes:

- (a) Completion of the placing took place on 20 June 2016 pursuant to which 450,510,000 shares were issued under the placing agreement at the price of HK\$0.54 per share. Accordingly, the Company's issued share capital was increased by approximately RMB3,809,000 and its share premium account was increased by approximately RMB199,457,000. Net proceeds were approximately RMB203,266,000 after deducting the issuing expenses of approximately RMB2,405,000.
- (b) Completion of the placing took place on 8 December 2016 pursuant to which 218,820,000 shares were issued under the placing agreement at the price of HK\$0.41 per share. Accordingly, the Company's issued share capital was increased by approximately RMB1,942,000 and its share premium account was increased by approximately RMB76,868,000. Net proceeds were approximately RMB78,810,000 after deducting the issuing expenses of approximately RMB802,000.
- (c) During the year ended 31 March 2017, 33,900,000 share options were exercised under the share option scheme at the price of HK\$0.40 per share. Accordingly, the Company's issued share capital was increased by approximately RMB301,000 and its share premium account was increased by approximately RMB14,318,000, which included approximately RMB2,374,000 was transferred from share option reserve to share premium.
- (d) Completion of the placing took place on 27 September 2017 pursuant to which 271,660,000 shares were issued under the placing agreement at the price of HK\$0.25 per share. Accordingly, the Company's issued share capital was increased by approximately RMB2,309,000 and its share premium account was increased by approximately RMB54,416,000. Net proceeds were approximately RMB56,725,000 after deducting the issuing expenses of approximately RMB1,189,000.
- (e) During the year, 11,500,000 and 16,300,000 share options were exercised under the share option scheme at the price of HK\$0.40 and HK\$0.45 per share respectively. Accordingly, the Company's issued share capital was increased by approximately RMB231,000 and its share premium account was increased by approximately RMB11,274,000, which included approximately RMB1,713,000 was transferred from share option reserve to share premium.

BUSINESS REVIEW

The Group is engaged in cold chain food integrated distribution in the PRC. During the year, the strategic adjustment of the Group in focusing on the development of small and medium-sized clients and gradually reducing our reliance on the sales to a few major customers, the cold chain food business had achieved growth in revenue from small and medium-sized clients. Our cold chain logistic facilities and sales network were deployed efficiently, resulting in the rapid increase of market share. Meanwhile, the Group is committed to actively exploring wider markets and developing more categories, in addition to focusing on online sales on our online e-commerce platform, from which the income from online sales has become the most significant source of income.

RESULTS AND APPROPRIATIONS

Revenue

The revenue of the Group was approximately RMB978.8 million (2017: approximately RMB1,520.9 million), representing an decrease of approximately 35.6% from the last financial year. The Group's revenue decreased over the current year, due to gradually reducing our reliance on the sales to a few major customers.

Gross Profit

Gross profit of the Group decreased from approximately RMB94.8 million to approximately RMB64.6 million in 2018, as the sales volume dropped by reducing on the sales to a few major customers. The gross profit margin for the current period increased from 6.2% to 6.6% due to the gross profit margin of small and medium-sized clients was higher than the major customers.

Staff costs

Staff costs of the Group were approximately RMB17.5 million (2017: approximately RMB18.9 million), representing a slightly decrease of approximately 7.4% from the last financial year. Due to gradually reducing our reliance on the sales to a few major customers, there is less demand on staff of selling department, resulting in a decrease of overall staff costs.

Depreciation

Depreciation expense increased from approximately RMB14.8 million during year ended 31 March 2017 to approximately RMB19.2 million during year ended 31 March 2018, indicating an increase of approximately 29.7%. As the Group's major property, plant and equipment were purchased during the year of 2017, depreciation expense of approximately 9 months was provided from the purchase date to the year ended 31 March 2017. The depreciation expense increased for the current year ended 31 March 2018 because full depreciation expense of 12 months was provided for the corresponding property, plant and equipment.

Profit for the year attributable to owners of the Company

The profit for the year attributable to owners of the Company amounted to approximately RMB8.1 million for the year ended 31 March 2018 (2017: approximately RMB40.3 million). Basic earnings per share were approximately RMB0.6 cents as compared with approximately RMB3.8 cents for the preceding year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 March 2018 was approximately RMB30.6 million (2017: approximately RMB19.3 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB23.5 million (2017: approximately RMB539.1 million) to the total equity of approximately RMB752.0 million (2017: approximately RMB670.8 million) is 0.03 (2017: 0.80).

EMPLOYMENT

As at 31 March 2018, the Group had 97 (2017: 117) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately RMB17.5 million (2017: RMB18.9 million). It is the Group's policy that remuneration of the employees is in line with the market and commensurate with the level of pay for similar responsibilities within the industry. Discretionary year end bonuses are payable to the employees based on individual performance. Other benefits to the employees included medical insurance, retirement schemes, training programs and education subsidies.

CHARGES ON GROUP'S ASSETS

As at 31 March 2018, there were no charges on the Group's assets.

CAPITAL AND OTHER COMMITMENTS

The Group had no any capital commitment as at 31 March 2018 (2017: Nil).

CONTINGENT LIABILITIES

The Group had no any contingent liabilities as at 31 March 2018 (2017: Nil).

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules immediate after the resumption of trading in the Shares of the Company, except for the deviation of A.2.1 and F.1.2 of the Code.

Pursuant to A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, with the division of responsibilities between the chairman and chief executive clearly established and set out in writing. Mr. Pan Junfeng (“Mr. Pan”) is the chairman of the Company since 24 June 2016 and has also carried out the responsibilities of CEO. He is responsible for managing the Board and the business of the Group. The Board considers that Mr. Pan possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The present structure is suitable to the Company because it can promote the efficient formulation and implementation of the Company’s strategies. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as CEO when it thinks appropriate.

Pursuant to F.1.2 of the Code, the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution in September 2013. The Board considers that, prior to the execution of the written resolution to appoint the current company secretary, all Directors were individually consulted on the matter without any dissenting opinion and there was no need to approve the matter by a physical board meeting instead of a written resolution.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2018. The Audit Committee comprises three independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2018 set out in the preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2018. The work performed by ZHONGHUI ANDA CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018.

DEALING IN COMPANY'S LISTED SECURITIES

During the year, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement of results is available for viewing on the website of Hong Kong Exchange and Clearings Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at www.freshexpressdelivery.com. The annual report of the Company contained all the information required by the Listing Rules will be published on the above websites in due course.

By order of the Board
Fresh Express Delivery Holdings Group Co., Ltd
Pan Junfeng
Chairman and Executive Director

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises Mr Pan Junfeng and Mr Tang Dacong as executive Directors, Mr Wen Cyrus Jun-ming as non-executive Director and Dr Leung Hoi Ming, Mr Mak Ka Wing, Patrick and Mr Sung Wing Sum as independent non-executive Directors.

Please also refer to the published version of this announcement on the Company's website: <http://www.freshexpressdelivery.com>.