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## 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 2017

### 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 2017, together with the comparative figures, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	3	1,520,846	1,482,665
Cost of inventories sold		(1,426,070)	(1,401,274)
Gross profit		94,776	81,391
Other income	4	1,412	9,436
Staff costs		(18,871)	(11,696)
Operating lease rentals		(1,972)	(2,306)
Depreciation		(14,801)	(416)
Other operating expenses		(11,157)	(4,838)
<b>Profit from operations</b>		<b>49,387</b>	<b>71,571</b>
Finance costs	6	(1,906)	(1,326)
<b>Profit before tax</b>		<b>47,481</b>	<b>70,245</b>
Income tax	7	(7,238)	(12,701)

	<i>Notes</i>	<b>2017</b> <b><i>RMB'000</i></b>	2016 <i>RMB'000</i>
<b>Profit for the year</b>	8	<b>40,243</b>	57,544
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(11,381)</u>	<u>985</u>
<b>Total comprehensive income for the year</b>		<b><u>28,862</u></b>	<b><u>58,529</u></b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>40,279</b>	57,609
Non-controlling interests		<u>(36)</u>	<u>(65)</u>
		<b><u>40,243</u></b>	<b><u>57,544</u></b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		<b>28,898</b>	58,594
Non-controlling interests		<u>(36)</u>	<u>(65)</u>
		<b><u>28,862</u></b>	<b><u>58,529</u></b>
<b>Earnings per share</b>			
	<i>10</i>		
Basic (RMB per share)		<b><u>0.04</u></b>	<b><u>0.10</u></b>
Diluted (RMB per share)		<b><u>0.04</u></b>	<b><u>0.10</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2017**

	<i>Notes</i>	<b>2017</b> <b>RMB'000</b>	2016 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>671,892</b>	12,667
Prepaid land lease payments		<b>23,844</b>	–
		<u><b>695,736</b></u>	<u>12,667</u>
<b>Current assets</b>			
Inventories	<i>11</i>	<b>162,112</b>	58,497
Trade receivables	<i>12</i>	<b>146,767</b>	202,121
Prepaid land lease payments		<b>676</b>	–
Prepayments, deposits and other receivables	<i>13</i>	<b>185,332</b>	131,985
Bank and cash balances		<b>19,291</b>	124,187
		<u><b>514,178</b></u>	<u>516,790</u>
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>67,295</b>	84,259
Accruals and other payables	<i>15</i>	<b>127,880</b>	76,159
Borrowings	<i>16</i>	–	18,000
Current tax liabilities		<b>10,391</b>	7,710
		<u><b>205,566</b></u>	<u>186,128</u>
<b>Net current assets</b>		<u><b>308,612</b></u>	<u>330,662</u>
<b>Total assets less current liabilities</b>		<u><b>1,004,348</b></u>	<u>343,329</u>
<b>Non-current liabilities</b>			
Borrowings	<i>16</i>	<u><b>333,569</b></u>	–
<b>NET ASSETS</b>		<u><b>670,779</b></u>	<u>343,329</u>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>11,329</b>	5,277
Reserves		<u><b>659,388</b></u>	<u>337,954</u>
Equity attributable to owners of the Company		<b>670,717</b>	343,231
Non-controlling interests		<b>62</b>	98
<b>TOTAL EQUITY</b>		<u><b>670,779</b></u>	<u>343,329</u>

## NOTES

### FOR THE YEAR ENDED 31 MARCH 2017

#### 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 2016. 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:

	2017 <i>RMB’000</i>	2016 <i>RMB’000</i>
Revenue from external customers	<u>1,520,846</u>	<u>1,482,665</u>

#### 4. OTHER INCOME

	2017 <i>RMB’000</i>	2016 <i>RMB’000</i>
Interest income	335	9,436
Rental income	<u>1,077</u>	<u>–</u>
	<u>1,412</u>	<u>9,436</u>

## 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 one (2016: five) customers individually contributing over 10% of total revenue of the Group as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Customer A	N/A*	671,863
Customer B	N/A*	193,153
Customer C	N/A*	185,235
Customer D	N/A*	178,604
Customer E	<b>164,243</b>	172,980
	<b>164,243</b>	1,401,835

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

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest expenses on borrowings	<b>1,906</b>	1,326

## 7. INCOME TAX

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax:		
Provision for the PRC enterprise income tax	<b>7,238</b>	12,701

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2017 and 31 March 2016 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 2017 and 31 March 2016, 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 2017 and 31 March 2016 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:

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit before tax	<u>47,481</u>	<u>70,245</u>
Notional tax on profit before tax calculated at the PRC statutory rate	<b>11,870</b>	17,561
Effect of different tax rates in other tax jurisdictions	<b>(6,582)</b>	(7,562)
Tax effect of utilisation of tax losses not previously recognised	–	(1)
Tax effect of non-deductible expenses	<u>1,950</u>	<u>2,703</u>
Income tax for the year	<u><b>7,238</b></u>	<u>12,701</u>

The Group had no significant deferred tax for the years ended 31 March 2017 and 2016.

## 8. PROFIT FOR THE YEAR

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

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Auditor's remuneration	<b>1,027</b>	977
Cost of inventories sold	<b>1,426,070</b>	1,401,274
Amortisation of prepaid land lease payments	<b>507</b>	–
Depreciation	<b>14,801</b>	416
Minimum lease payments under operating leases in respect of land and buildings	<b>1,972</b>	2,306
Equity-settled share-based payment expenses to consultants	<b>3,503</b>	–
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	<b>18,076</b>	11,667
Equity-settled share-based payment expenses	<b>764</b>	–
Retirement benefits scheme contributions	<b>31</b>	29
	<u><b>18,871</b></u>	<u>11,696</u>

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2017 and 2016.

## 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 RMB40,279,000 (2016: approximately RMB57,609,000) and the weighted average number of 1,066,391,791 (2016: 572,383,581) 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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Finished goods	<u>162,112</u>	<u>58,497</u>

## 12. TRADE RECEIVABLES

Other than cash sales, invoices are normally payable within 30 days of issuance, except for certain well-established customers where the terms are extended up to 90 days. 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:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
30 days or less	55,815	71,874
31 to 90 days	<u>90,952</u>	<u>130,247</u>
	<u>146,767</u>	<u>202,121</u>

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Prepayments	133,273	131,558
Deposits	341	335
Other receivables	51,718	92
	<u>185,332</u>	<u>131,985</u>

As at 31 March 2017, prepayments of approximately RMB133 million (2016: approximately RMB131 million) was paid to three major suppliers (2016: 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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade payables	<u>67,295</u>	<u>84,259</u>

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
30 days or less	65,355	28,304
31 to 90 days	1,940	55,955
	<u>67,295</u>	<u>84,259</u>



## 15. ACCRUALS AND OTHER PAYABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Accruals and other payables	34,171	28,868
Receipts in advances	14,709	47,291
Consideration payable	79,000	–
	<u>127,880</u>	<u>76,159</u>

As at 31 March 2017, receipts in advances of approximately RMB15 million (2016: approximately RMB47 million) was paid by five (2016: five) major customers for guarantee their purchases of goods.

As at 31 March 2017, consideration payable of RMB79 million is related to the acquisition of assets during the year and is repayable in January 2018.

## 16. BORROWINGS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Bank borrowings	–	18,000
Other borrowings	333,569	–
	<u>333,569</u>	<u>18,000</u>

The borrowings are repayable as follows:

On demand or within one year	–	18,000
In the second year	333,569	–
	<u>333,569</u>	<u>18,000</u>

The carrying amounts of the Group's other borrowings are denominated in RMB, unsecured, repayable in May 2018 and interest-free.

As at 31 March 2016, bank borrowings of RMB18 million were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. They were secured by (i) the related parties' property and (ii) personal guarantee from related parties.

## 17. SHARE CAPITAL

	2017 <i>RMB'000</i>	2016 <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	1,586	1,586
Total	<u>158,647</u>	<u>158,647</u>
<i>Issued and fully paid:</i>		
Ordinary shares:		
1,346,827,188 ordinary shares of HK\$0.01 each (31 March 2016: 643,597,188 ordinary shares of HK\$0.01 each)	<u>11,329</u>	<u>5,277</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 <i>RMB'000</i>
<i>Ordinary shares:</i>			
At 1 April 2015		469,477,188	3,864
Placing of shares		66,860,000	527
Placing of shares		107,260,000	886
At 31 March 2016 and 1 April 2016		<b>643,597,188</b>	<b>5,277</b>
Placing of shares	<i>(a)</i>	<b>450,510,000</b>	<b>3,809</b>
Placing of shares	<i>(b)</i>	<b>218,820,000</b>	<b>1,942</b>
Shares issued under share option scheme	<i>(c)</i>	<b>33,900,000</b>	<b>301</b>
At 31 March 2017		<u><b>1,346,827,188</b></u>	<u><b>11,329</b></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, 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.

## **BUSINESS REVIEW**

The Group is engaged in cold chain food integrated distribution in the PRC. During the year, the cold chain food business had maintained the existing market shares in the market, with slightly increment in revenue.

## **RESULTS AND APPROPRIATIONS**

### **Revenue**

The revenue of the Group was approximately RMB1,520.85 million (2016: approximately RMB1,482.67 million), representing an increase of approximately 2.6% from the last financial year. The slightly increment reflected the Group was maintaining the current market shares in the market.

### **Gross Profit**

Gross profit of the Group increased from approximately RMB81.39 million to approximately RMB94.78 million in 2017 due to the increment in revenue of trading of convenience food products. The gross profit margin for the current year increased from 5.49% to 6.23%.

### **Other operating expenses**

Other operating expenses of the Group were approximately RMB11.16 million (2016: approximately RMB4.84 million), representing an increase of approximately RMB6.32 million. The increment was mainly due to the equity-settled share-based payment expenses to consultants of approximately RMB3.50 million and legal and professional fees of approximately RMB2.44 million incurred from acquisition of assets during the year.

### **Profit for the year attributable to owners of the Company**

The profit for the year attributable to owners of the Company amounted to approximately RMB40.28 million for the year ended 31 March 2017 (2016: approximately RMB57.61 million). Basic earnings per share were approximately RMB4 cents as compared with approximately RMB10 cents for the preceding year.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

Bank and cash balances as at 31 March 2017 was approximately RMB19.29 million (2016: approximately RMB124.19 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB539.14 million (2016: approximately RMB186.13 million) to the total equity of approximately RMB670.78 million (2016: approximately RMB343.33 million) is 0.80 (2016: 0.54).

## **EMPLOYMENT**

As at 31 March 2017, the Group had 117 (2016: 126) 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 RMB18.87 million (2016: RMB11.70 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 2017, there were no charges on the Group's assets.

## **CAPITAL AND OTHER COMMITMENTS**

The Group had no any capital commitment as at 31 March 2017 (2016: Nil).

## **CONTINGENT LIABILITIES**

The Group had no any contingent liabilities as at 31 March 2017 (2016: 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, A.4.1 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 A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. For the year ended 31 March 2017, all the existing non-executive Directors were not appointed for a specific term but are subject to retirement and re-election at the forthcoming annual general meeting of the Company (the “AGM”) and retirement by rotation and re-election at least once every three years at the AGM in accordance with the provisions of the Company’s bye-laws.

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 2017. 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 2017 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 2017. 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 2017.

## **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](http://www.hkex.com.hk) under “Latest Listed Company Information” and on the website of the Company at [www.freshexpressdelivery.com](http://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, 30 June 2017

*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>.*