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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 2020**

Reference is made to the announcement of Fresh Express Delivery Holdings Group Co., Ltd (the “**Company**”) dated 30 June 2020 in relation to the unaudited annual results for the year ended 31 March 2020 (the “**Unaudited Annual Results Announcement 2020**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement 2020.

AUDITED ANNUAL RESULTS

The Board of the Company is pleased to announce that as at the date of this announcement, the Company’s external auditor has completed the audit process of the annual results of the Group for the year ended 31 March 2020 (the “**Annual Results 2020**”) which were approved by the Board on 18 November 2020. The audited Annual Results 2020, together with the material differences between the unaudited and audited Annual Results 2020 are set out below.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	4	1,775,985	185,189
Cost of inventories sold		(1,739,094)	(182,073)
Gross profit		36,891	3,116
Other income	5	22	5
Staff costs		(17,631)	(10,624)
Short-term lease expenses/rental expenses		(4,055)	(7,847)
Depreciation		(32,100)	(27,914)
Distribution and selling expenses		(20,552)	(889)
Other operating expenses		(18,212)	(10,287)
Loss on impairment of property, plant and equipment		(36,486)	—
Loss on disposal of subsidiaries		—	(44,653)
Loss from operations		(92,123)	(99,093)
Finance costs	7	(8,424)	(2,910)
Loss before tax		(100,547)	(102,003)
Income tax credit	8	6,496	2,693
Loss for the year attributable to owners of the Company	9	(94,051)	(99,310)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,072)	1,116
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		—	44,878
Total comprehensive loss for the year attributable to owners of the Company		(96,123)	(53,316)
Loss per share			
Basic (RMB cents per share)	11	(5.71)	(6.03)
Diluted (RMB cents per share)		(5.71)	(6.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		580,187	644,585
Prepaid land lease payments		—	22,492
Right-of-use assets		27,229	—
Deposits paid for acquisition of equity investment		23,000	23,000
Deferred tax assets		9,454	2,693
		639,870	692,770
Current assets			
Inventories	<i>12</i>	1,750	3,206
Trade receivables	<i>13</i>	26,041	1,324
Prepaid land lease payments		—	676
Prepayments, deposits and other receivables	<i>14</i>	76,603	97,888
Bank and cash balances		364	2,078
		104,758	105,172
Current liabilities			
Trade payables	<i>15</i>	16,803	1,704
Accruals and other payables		13,876	5,331
Contract liabilities		11,707	5,014
Borrowings	<i>16</i>	94,450	87,200
Lease liabilities		2,868	—
Current tax liabilities		265	—
		139,969	99,249
Net current (liabilities)/assets		(35,211)	5,923
Total assets less current liabilities		604,659	698,693
Non-current liabilities			
Lease liabilities		2,089	—
NET ASSETS		602,570	698,693
Capital and reserves			
Share capital	<i>17</i>	13,869	13,869
Reserves		588,701	684,824
TOTAL EQUITY		602,570	698,693

NOTES

FOR THE YEAR ENDED 31 MARCH 2020

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. GOING CONCERN BASIS

The Group incurred a loss for the year of approximately RMB94,051,000 for the year ended 31 March 2020 and as at 31 March 2020, the Group had net current liabilities of RMB35,211,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of major shareholders, at a level sufficient to finance the working capital requirements of the Group. The major shareholders have agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. 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 (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”) 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 consolidated financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 “Leases”

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.87%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease.

As a lessee, the Group's leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	1 April 2019 <i>RMB'000</i>
Increase in right-of-use assets	29,555
Decrease in prepaid land lease payments	23,167
Increase in lease liabilities	<u>6,388</u>

The reconciliation of operating lease commitment to lease liabilities as at 1 April 2019 is set out below:

	<i>RMB'000</i>
Operating lease commitment at 31 March 2019	6,961
Less:	
Commitments relating to leases with a remaining lease term ending on or before 31 March 2020	(25)
Discounting	<u>(548)</u>
Lease liabilities as at 1 April 2019	<u>6,388</u>
Analysed as:	
Current	3,043
Non- current	<u>3,345</u>
	<u>6,388</u>

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.

4. REVENUE

The Group's revenue is analysed as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers —		
sales of frozen food products	<u>1,775,985</u>	<u>185,189</u>

For the year ended 31 March 2020, the Group is mainly engaged in online sale of frozen food products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with cash on delivery, deposits or may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. OTHER INCOME

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	<u>22</u>	<u>5</u>

6. SEGMENT INFORMATION

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

No customer contribute more than 10% of the total consolidated revenue of the Group for the years ended 31 March 2020 and 31 March 2019.

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

7. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Lease interests	465	—
Interest expenses on borrowings	7,959	2,910
	<u>8,424</u>	<u>2,910</u>

8. INCOME TAX CREDIT

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Provision for the PRC enterprise income tax	265	—
Deferred tax	(6,761)	(2,693)
	<u>(6,496)</u>	<u>(2,693)</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2020 and 31 March 2019 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 2020 and 31 March 2019.

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss before tax	(100,547)	(102,003)
Notional tax on loss before tax calculated at the PRC statutory rate	(25,137)	(25,501)
Effect of different tax rates in other tax jurisdictions	969	4,017
Tax effect of non-deductible expenses	17,672	18,791
Income tax credit for the year	<u>(6,496)</u>	<u>(2,693)</u>

9. LOSS FOR THE YEAR

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Auditor's remuneration	1,203	1,284
Cost of inventories sold	1,739,094	182,073
Amortisation of prepaid land lease payments	—	676
Depreciation of property, plant and equipment	27,912	27,914
Depreciation of right-of-use assets	4,188	—
Short-term lease expenses/rental expenses	4,055	7,847
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	16,421	9,568
Retirement benefits scheme contributions	1,210	1,056
	17,631	10,624

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for each of the years ended 31 March 2020 and 2019.

11. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for year attributable to owners of the Company of approximately RMB94,051,000 (2019: approximately RMB99,310,000) and the weighted average number of 1,646,287,188 (2019: 1,646,287,188) ordinary shares in issue during the year.

Diluted loss per share

No diluted earnings per share are presented in both years, as the Company did not have any dilutive potential ordinary shares.

12. INVENTORIES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods	1,750	3,206

13. 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:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
30 days or less	25,443	1,324
31 to 90 days	598	—
	26,041	1,324

The Group applies the simplified approach under HKFRS 9 "Financial Instrument" to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing. The expected credit losses also incorporate forward looking information.

	30 days or less	31 to 90 days	Total
At 31 March 2020			
Weighted average expected loss rate	0%	0%	—
Receivable amount (<i>RMB'000</i>)	25,443	598	26,041
Loss allowance (<i>RMB'000</i>)	—	—	—
At 31 March 2019			
Weighted average expected loss rate	0%	0%	—
Receivable amount (<i>RMB'000</i>)	1,324	—	1,324
Loss allowance (<i>RMB'000</i>)	—	—	—

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Prepayments	51,652	52,437
Deposits	4,318	2,441
Other receivables	20,633	43,010
	<u>76,603</u>	<u>97,888</u>

At as 31 March 2020 and 2019, prepayments was mainly paid to major suppliers for guarantee the purchases of goods.

At as 31 March 2019, included in other receivables is an other loan receivable of RMB22 million was fully settled during the year.

15. TRADE PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	<u>16,803</u>	<u>1,704</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
30 days or less	<u>16,803</u>	<u>1,704</u>

16. BORROWINGS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Bank loans	50,150	53,000
Other borrowing	44,300	34,200
	<u>94,450</u>	<u>87,200</u>

The borrowings are repayable as follows:

On demand or within one year	<u>94,450</u>	<u>87,200</u>
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The effective interest rates per annum at the end of the reporting period were as follows:

	2020	2019
Fixed rate	4.06% — 12%	6.87% — 12%

The bank loan of the Group is secured by corporate guarantee obtained from related companies and director personal guarantee. Other borrowings are secured by a 100% equity interest in a subsidiary, Create Talent Limited, shareholder guarantee and director personal guarantee.

17. SHARE CAPITAL

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<u>Authorised:</u>		
<i>Ordinary shares:</i>		
19,800,000,000 ordinary shares of HK\$0.01 each	157,061	157,061
<i>Preference shares:</i>		
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>
<u>Issued and fully paid:</u>		
<i>Ordinary shares:</i>		
1,646,287,188 ordinary shares of HK\$0.01 each	<u>13,869</u>	<u>13,869</u>

18. MATERIAL DIFFERENCES BETWEEN THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND THE AUDITED ANNUAL RESULTS ANNOUNCEMENT

As at 30 June 2020, the auditing process had not been completed and the Company published the announcement of unaudited annual results for the year ended 31 March 2020. Subsequent adjustments have been made to the unaudited annual results 2020, shareholders and potential investors of the Company are advised to pay attention to the material differences between the unaudited and audited Annual Results 2020 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACTED)

	Audited Annual Results 2020 RMB'000	Unaudited Annual Results 2020 RMB'000	Increase/ (decrease) RMB'000	<i>Notes</i>
Revenue	1,775,985	1,782,935	(6,950)	<i>(i)</i>
Cost of inventories sold	(1,739,094)	(1,735,700)	(3,394)	<i>(ii)</i>
Other income	22	22	—	
Staff costs	(17,631)	(17,072)	(559)	
Short-term lease expenses/rental expenses	(4,055)	(618)	(3,437)	<i>(iii)</i>
Depreciation	(32,100)	(33,328)	1,228	<i>(vi)</i>
Distribution and selling expenses	(20,552)	—	(20,552)	<i>(iv)</i>
Other operating expenses	(18,212)	(39,294)	21,082	<i>(iv)</i>
Loss on impairment of property, plant and equipment	(36,486)	—	(36,486)	<i>(vi)</i>
Finance costs	(8,424)	(6,637)	(1,787)	<i>(v)</i>
Income tax credit	6,496	—	6,496	<i>(ix)</i>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACTED)

	Audited	Unaudited		
	Annual	Annual		
	Results	Results	Increase/ (decrease)	
	2020	2020	RMB'000	<i>Notes</i>
	RMB'000	RMB'000		
Non-current assets				
Property, plant and equipment	580,187	603,745	(23,558)	<i>(vi)</i>
Right-of-use assets	27,229	25,913	1,316	
Deposits paid for acquisition of equity investment	23,000	23,000	—	
Deferred tax assets	9,454	3,304	6,150	<i>(ix)</i>
Current assets				
Inventories	1,750	5,440	(3,690)	<i>(ii)</i>
Trade receivables	26,041	23,401	2,640	<i>(i)</i>
Prepayments, deposits and other receivables	76,603	95,966	(19,363)	<i>(vii)</i>
Bank and cash balances	364	364	—	
Current liabilities				
Trade payables	16,803	15,291	1,512	
Accruals and other payables	13,876	16,280	(2,404)	
Contract liabilities	11,707	1,229	10,478	<i>(viii)</i>
Lease liabilities	2,868	1,212	1,656	
Current tax liabilities	265	—	265	
Borrowings	94,450	94,178	272	
Non-current liabilities				
Lease liabilities	2,089	2,394	(305)	

Notes

- (i) The differences in revenue and trade receivables were approximately RMB7.0 million and RMB2.6 million respectively, mainly due to (1) eliminate intra-group sales; and (2) cut-off adjustment.
- (ii) The differences in costs of inventories sold and inventories were approximately RMB3.4 million and RMB3.7 million respectively, mainly due to (1) eliminate intra-group costs of sales; and (2) cut-off adjustment.
- (iii) The difference in short-term lease expenses or rental expenses was approximately RMB3.4 million, mainly due to the reclassification of other operating expense to short-term lease expenses.
- (iv) The differences in distribution and selling expenses and other operating expenses were approximately RMB20.6 million and RMB21.1 million respectively, mainly due to reclassification between these accounts.
- (v) The difference in finance costs was approximately RMB1.8 million, mainly due to reclassification of loan interest.
- (vi) The differences in property, plant and equipment, depreciation and loss on impairment of property, plant and equipment were approximately RMB23.6 million, RMB1.2 million and RMB36.5 million respectively, mainly due to recalculation of depreciation expense and loss on impairment.
- (vii) The difference in prepayments, deposits and other receivables was approximately RMB19.4 million mainly due to the reclassification of accounts and cut-off adjustment.
- (viii) The difference in contract liabilities was approximately RMB10.5 million, mainly due to reclassification of accounts and cut-off adjustment.
- (ix) The differences in deferred tax assets and income tax credit were approximately RMB6.2 million and RMB6.5 million respectively, mainly due to addition provision for deferred tax.

BUSINESS REVIEW

The Group focuses on the online sales and logistics of food and food ingredients for small and medium-sized commercial customers and achieved significant sales growth during the financial year. The annual sales were close to RMB2 billion. The Group has achieved business development in newly developed sales areas such as Shandong, Chengdu, and Zhengzhou and has obtained stable downstream customers. Since the end of January 2020, the Group has been seriously affected by the new coronary pneumonia, which led to the suspension of business from February to March.

During the epidemic period, the Group appropriately reduced staff and increased efficiency, improved operating efficiency and internal management, and re-arranged business planning. It is planned to gradually focus on the improvement of logistics distribution efficiency in the new financial year and focus on the deep cultivation of existing sales areas. Gradually focusing on improving the efficiency of logistics and distribution, focusing on the deep cultivation of existing sales areas, adhering to the Group's purpose of providing high-quality, safe and fresh ingredients to the public, expanding sales categories and increasing market share.

RESULTS AND APPROPRIATIONS

Revenue

The revenue of the Group was approximately RMB1,776.0 million (2019: approximately RMB185.2 million), representing a significant increase of approximately 859.0% from the last financial year. The Group's revenue increased over the current year due to the fast expansion of the target markets and the establishment of the brand. In this financial year, the Company increased its marketing efforts and the number of its sales personnel, and greatly improved its sales efficiency through various sales methods such as internet, APP and telemarketing. It adjusted product pricing and reduced the gross profit margin, thus rapidly gaining more market share, improving its bargaining power, forming a positive cycle. Meanwhile, as the entire internet business infrastructure was improved, the trade mode of the Company based on e-commerce platforms gave rise to an explosive growth during the period, with the monthly compound growth rates for certain months exceeding 40%, also due to the completion of sales networks all over China, the market nurturing and promotion of the Company in the early stage also gradually played a role. Meanwhile, the revenue of the Company increased significantly due to a continuous rise in the number of customers and the amount purchased by customers of the Group as a result of great improvement in the food safety awareness in China and the increasing demand for high-quality green and safe food in the people's livelihood. The Group considerably increased its revenue in the Northern China region newly developed by the Group with a focus on Shandong. As a result, before the outbreak of COVID-19 coronavirus, the business in the eight major sales regions of the Group grew rapidly and the sales network was enhanced, thus increasing its market share. After the outbreak of COVID-19 in early 2020, the sales declined substantially from January to March 2020 in a market environment defined by temporary suspension of operations and travel restrictions in several cities of the country.

Gross Profit

Gross profit of the Group increased from approximately RMB3.1 million to approximately RMB36.9 million in 2020. The gross profit margin for the current period increased from 1.7% to 2.1% due to the Group sales volume increased for the year.

Staff costs

Staff costs of the Group were approximately RMB17.6 million (2019: approximately RMB10.6 million), representing an increase of approximately 66.0% from the last financial year due to an increase of sales volume and demanding more staff to handle the sales order, resulting in an increase of overall staff costs.

Depreciation

Depreciation expense increased from approximately RMB27.9 million during the year ended 31 March 2019 to approximately RMB32.1 million during the year ended 31 March 2020, indicating an increase of approximately 15.1% due to the depreciation of the right-of-use asset.

Loss on impairment of property, plant and equipment

Management performed an impairment assessment on property, plant and equipment as at 31 March 2020. The Group has engaged an independent external valuer to assess the recoverable amount of property, plant and equipment. Accordingly, the Group has recognised an impairment loss on property, plant and equipment of approximately RMB36.5 million during the year.

Loss for the year attributable to owners of the Company

The loss for the year attributable to owners of the Company amounted to approximately RMB94.1 million for the year ended 31 March 2020 (2019: approximately RMB99.3 million). Loss per share was approximately RMB5.7 cents as compared with approximately RMB6.0 cents for the preceding year. The decrease of the loss for the period attributable to owners of the Company was mainly due to the growth in its sale and the loss on disposal of subsidiaries for the last year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank and cash balances as at 31 March 2020 was approximately RMB0.4 million (2019: approximately RMB2.1 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB142.1 million (2019: approximately RMB99.2 million) to the total equity of approximately RMB602.6 million (2019: approximately RMB698.7 million) is 0.24 (2019: 0.14).

EMPLOYMENT

As at 31 March 2020, the Group had 104 (2019: 59) 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 RMB17.6 million (2019: RMB10.6 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 2020, the Group has pledged 100% equity interest of a subsidiary, Create Talent Limited as collateral for the Group's borrowing.

CAPITAL AND OTHER COMMITMENTS

The Group had no any capital commitment as at 31 March 2020 (2019: Nil).

CONTINGENT LIABILITIES

The Group had no any contingent liabilities as at 31 March 2020 (2019: 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 2020. 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 2020 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 2020. 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 2020.

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, 18 November 2020

As at the date of this announcement, the Board comprises Mr. Pan Junfeng, Mr. Tang Dacong, Mr. Zhou Aijie and Mr. Tan Rucheng 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>.*