Janco Holdings Limited
駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035

PLACING

Sponsor

Lego Corporate Finance Limited
力高企業融資有限公司

Joint Bookrunners and Joint Lead Managers

億聲證券有限公司
Brilliant Norton Securities Company Limited

Sinomax Securities Ltd.
佳富達證券

Quam Securities & Futures
華富嘉洛證券期貨

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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PLACING

Number of Placing Shares	**:**	**150,000,000 Placing Shares**
Placing Price	**:**	**Not more than HK$0.42 per Placing Share and expected to be not less than HK$0.38 per Placing Share (payable in full on application plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**8035**

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Co-Managers

BONUS EVENTUS

中國銀河國際
CHINA GALAXY INTERNATIONAL

Convoy Investment Services Limited
康宏証券投資服務有限公司

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this prospectus or any of the other documents referred to above.

Prospective investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the matters discussed under the section headed "Risk Factors" in this prospectus before making any investment decision in relation to our Company.

The Placing Price will not be more than HK$0.42 per Placing Share and is expected to be not less than HK$0.38 per Placing Share unless otherwise announced. Quam Securities (for itself and on behalf of the other Underwriters) may, with the consent of our Company, reduce the indicative Placing Price range below that stated in this prospectus at any time prior to the Price Determination Date, which is expected to be on or before Sunday, 2 October 2016, or such other date as may be agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters). In such case, our Company will, as soon as practicable following the decision to make such reduction, publish the notice of such change on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jancofreight.com.

The final Placing Price is expected to be determined by the Price Determination Agreement to be entered into between our Company and Quam Securities (for itself and on behalf of the other Underwriters) on the Price Determination Date. If, for any reason, our Company and Quam Securities (for itself and on behalf of the other Underwriters) are unable to reach any agreement on the Placing Price by the Price Determination Date, the Placing will not become unconditional and will lapse immediately.

Prospective investors of the Placing Shares should note that Quam Securities (for itself and on behalf of the other Underwriters) has the right, in its sole and absolute discretion, to terminate the obligations of the Underwriters under the Underwriting Agreement upon the occurrence of any of the events set out in the paragraph headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination of the Underwriting Agreement" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should Quam Securities (for itself and on behalf of the other Underwriters) terminate the obligations of the Underwriters under the Underwriting Agreement in accordance with its terms, the Placing will not become unconditional and will lapse immediately.

30 September 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

(Notes 1 and 2)

Price Determination Date*(Note 3)* to be on or before . . . . Sunday, 2 October 2016

Announcement of the final Placing Price, the level of indications of interest in the Placing and the basis of allocation of the Placing Shares to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jancofreight.com on or before . . . . Thursday, 6 October 2016

Allotment of the Placing Shares to placees (or their designated person(s)) on or before. . . . . Thursday, 6 October 2016

Deposit of share certificates for the Placing Shares into CCASS on or before*(Notes 4 and 5)*. . . . . Thursday, 6 October 2016

Dealings in the Shares on GEM to commence at 9:00 a.m. on . . . . Friday, 7 October 2016

Notes:

1. All times and dates refer to Hong Kong times and dates.

2. If there is any change to the above expected timetable, our Company will make appropriate announcement on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jancofreight.com.

3. The Price Determination Date is expected to be on or before Sunday, 2 October 2016 or such other date as may be agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters). If, for any reason, our Company and Quam Securities (for itself and on behalf of the other Underwriters) are unable to reach any agreement on the Placing Price by the Price Determination Date, the Placing will not become unconditional and will lapse immediately.

4. The share certificates for the Placing Shares are expected to be issued in the name of HKSCC Nominees Limited or in the name of the placee(s) or their agent(s) as designated by the Underwriters. Share certificates for the Placing Shares to be distributed via CCASS will be deposited into CCASS on or about Thursday, 6 October 2016 for credit to the respective CCASS Participant's stock accounts designated by the Underwriters, the placees or their respective agents, as the case may be. Our Company will not issue any temporary documents of title.

5. All share certificates will only become valid certificates of title of the Shares which they relate when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

The above expected timetable is a summary only. Details of the structure of the Placing, including the conditions thereto, are set out in the section headed "Structure of the Placing" in this prospectus.

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Placing have not authorised anyone to provide you with information which is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Placing.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and therefore does not contain all the information which may be important to you. You should read this prospectus in its entirety before you decide to invest in the Placing Shares. There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary" in this prospectus.

BUSINESS OVERVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia and a history dating back to 1990. Our business model is two-fold and principally involves (a) the provision of freight forwarding services through purchasing cargo space from airlines, shipping liners, other freight forwarders or GSAs and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers; and (b) the provision of ancillary logistics services which include customised value-added services for our direct customers. Freight forwarding services form our core business. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to our freight forwarding business amounted to approximately HK$165.9 million, HK$189.9 million and HK$41.9 million, respectively, while our revenue attributable to our logistics business amounted to approximately HK$13.1 million, HK$19.5 million and HK$5.1 million, respectively. We experienced a significant growth in revenue contributed by our air freight services for the year ended 31 December 2015 primarily due to the significant increase in sales volume from Incipio Technologies Inc., our largest customer in terms of revenue contribution for the year ended 31 December 2015 and the three months ended 31 March 2016 (who is also ranked third in terms of revenue contribution for the year ended 31 December 2014), which was offset by the decrease in price per kg or cbm we charged our customers. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue from rendering of services to Incipio Technologies Inc. amounted to approximately HK$11.3 million, HK$35.8 million and HK$5.7 million, respectively, representing approximately 6.3%, 17.1% and 12.1% of our total revenue, respectively. Such significant growth can be attributed to a high demand for air freight services from Incipio Technologies Inc. who acquired a U.S.-based bags and mobile accessories brand in 2015 as part of their expansion plan which boosted sales of our cargo space exporting from Hong Kong to North America, and therefore may be one-off in nature. Such increase in sales volume from Incipio Technologies Inc. outweighed the overall decrease in air freight rates due to the decrease in fuel price. For the two years ended 31 December 2014 and 2015, our total net profit amounted to approximately HK$9.3 million and HK$13.6 million, respectively, while our total net loss for the three months ended 31 March 2016 amounted to approximately HK$2.5 million primarily attributable to Listing expenses incurred of approximately HK$4.6 million. During the Track Record Period, there was no material change in our business focus.

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

Revenue by business segment

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Freight forwarding —	**165,887**	**92.7**	**189,854**	**90.7**	**40,753**	**92.8**	**41,937**	**89.1**
Air freight	72,611	40.6	101,947	48.7	18,587	42.3	22,782	48.4
Ocean freight	93,276	52.1	87,907	42.0	22,166	50.5	19,155	40.7
Logistics	**13,051**	**7.3**	**19,462**	**9.3**	**3,171**	**7.2**	**5,108**	**10.9**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

Freight forwarding services

We offer air freight and ocean freight services, and a majority of the air and sea cargo space we sell are for goods being exported from Hong Kong to various destinations in Asia. We generate profit by purchasing cargo space from our suppliers and selling our cargo space to our customers plus a target profit margin. Leveraging on our stable business relationships with our suppliers, we generate profit and maintain our gross profit margins by (a) obtaining cargo space from our suppliers at competitive prices; (b) consolidating our cargo space; and (c) selling our cargo space at a target profit margin to our customers. The higher the level of consolidation of cargo space, the more we can maximise our profit. For details of our consolidation process, please refer to the paragraph headed "Business — Operations — Freight forwarding services — Consolidation of cargo space" in this prospectus.

It is generally not commercially reasonable for direct shipper customers to obtain cargo space directly from airlines and shipping liners because (a) direct shipper customers lack established business relationships with airlines and shipping liners; (b) the shipping volume of direct shipper customers is not high enough to qualify for obtaining cargo space at competitive prices from airlines and shipping liners directly; and (c) freight forwarders are more flexible in providing tailor-made logistics services ancillary to their freight forwarding services. As a Tier 2 player within the industry, we are more capable of offering a wide range of transportation and logistics services to our customers as an integrated logistics solution provider. For details of our competitive strengths and how we are able to survive and sustain our business in the market, please refer to the paragraphs headed "Business — Strengths, strategies and future plans — Competitive strengths" and "Business — Market and competition — Sustainability of our business" in this prospectus. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the gross profit attributable to our freight forwarding services amounted to approximately HK$30.7 million, HK$37.6 million and HK$8.8 million, respectively, with a gross profit margin of approximately 18.5%, 19.8% and 21.1%, respectively.

Non-committed purchases

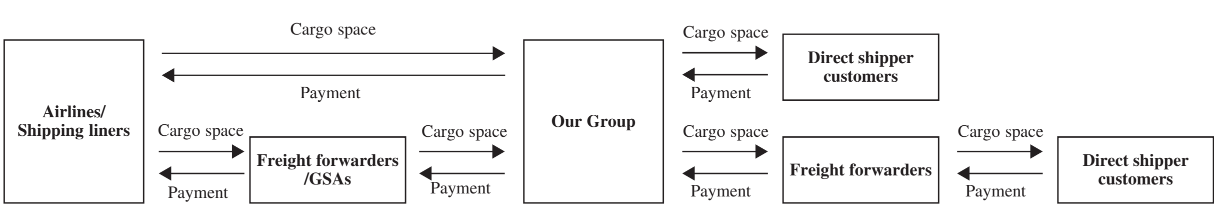
Almost all of the cargo space we source from our suppliers are non-committed purchases, which we only make upon the requests of our customers. Non-committed purchases attributable to our freight forwarding services represented approximately 93.9%, 94.1% and 95.0% of our total cost of sales for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, respectively.

We source all of our sea cargo space through making direct bookings without entering into any agency or long-term agreements, while our air cargo space is sourced through direct bookings and various other types of agreements. The types of agreements we enter into with our suppliers to source air cargo space include CSA agreement, GSA agreement and block space agreement. We are appointed by our airline partners as a non-exclusive CSA to represent them in Hong Kong to sell cargo space on flights operated by them. We are also appointed as a non-exclusive GSA of a regional airline based in Thailand for the sale of its air cargo space in Hong Kong. The main difference between a CSA and a GSA is that customers are generally required to provide bank guarantees or make cash deposits in favour of the GSA of an airline before they can source cargo space from the GSA. Further, the airline partners under GSA agreements generally do not have a principal place of business or representative office in the region the GSA is appointed. We are not committed to purchasing any minimum air cargo space on the routes operated by our airline partners under the CSA agreements and the GSA agreement.

Committed purchases

Another way of sourcing air cargo space is through making firm commitments by entering into block space agreements with airlines. Block space agreements guarantee that we are allocated an agreed quantity of air cargo space for certain scheduled flights and for a relevant period (usually one year) at pre-determined rates. Under the block space agreements we had entered into with one of our airline partners during the Track Record Period and as at the Latest Practicable Date, we were committed to purchasing a minimum amount of air cargo space monthly, on certain flights operated by our airline partner from Hong Kong to Dhaka in Bangladesh, at a pre-determined rate (subject to adjustment by the airline) in accordance with the then market conditions. For details of our non-committed and committed purchases of cargo space under our freight forwarding services business segment, please refer to the paragraph headed "Business — Our services" in this prospectus.

The following chart illustrates how we source cargo space from our suppliers and offer them to our direct shipper customers or freight forwarder customers.



Logistics services

With the experience and expertise in serving the freight forwarding industry, our management sees the demand from our customers for customised value-added logistics services ancillary to our core freight forwarding services. We have been providing ancillary logistics services to our direct shipper customers since 2005 by integrating such services into our core freight forwarding services to strategically create a distinct corporate identity among our shipper customers. The ancillary logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. As at the Latest Practicable Date, we operated six leased warehouses strategically located in Yau Tong, Tsing Yi and Kwai Chung covering a gross floor area of over 140,000 sq.ft. for providing customised value-added logistics services to our customers.

COMPETITIVE LANDSCAPE

We operate in the integrated logistics services industry. The market we operate in is highly fragmented and can be segmented based on major industry grouping, with air and ocean cargo forwarding services and other logistics services being key groups. In Hong Kong's integrated logistics services market, service providers who are capable of integrating different modules of services and playing multi-fold roles in the value chain are becoming increasingly competitive and preferred. Freight forwarders therefore respond to market needs by providing more value-added services. Our core freight forwarding business falls within the air and ocean freight forwarding market where there are primarily two tiers of players. Tier 1 players are generally global leading mega logistics groups with widespread worldwide logistics network and coverage. They are usually featured with a high level of vertical and horizontal freight transportation capability and capacity. Our Group falls within Tier 2 alongside players who are generally local and regional players with networks covering certain focused logistics locations and categories of goods. There are around 20 to 30 Tier 1 players, while Tier 2 is highly fragmented with around 500 to 800 players. In 2015, Tier 1 players together accounted for around 45% of the revenue share, which amounted to approximately HK$54.0 billion. Meanwhile, Tier 2 accounted for around 55% and approximately HK$65.8 billion, among which our Group accounted for around 0.3% and approximately HK$187 million of the total revenue of Tier 2 players' air and ocean freight forwarding services, according to the F&S Report. For details of the market we operate in and the competition we face, please refer to the section headed "Industry Overview" in this prospectus.

CUSTOMERS AND SUPPLIERS

Customers

During the Track Record Period, we had maintained business relationship with over 1,500 customers. Our five largest customers during the Track Record Period are direct shipper customers or other freight forwarders who act on behalf of their shipper customers. We have maintained business relationship with our five largest customers for the year ended 31 December 2015 for around five years on average and with our largest customer for the same period for more than five years. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue from rendering of services attributable to our largest customer amounted to approximately HK$20.1 million, HK$35.8 million and HK$5.7 million, respectively, representing approximately 11.2%, 17.1% and 12.1% of our total revenue from rendering of services, respectively, while our revenue from rendering of services attributable to our five largest customers in aggregate amounted to approximately HK$59.8 million, HK$84.8 million and HK$16.7 million, respectively, representing approximately 33.4%, 40.5% and 35.5% of our total revenue from rendering of services, respectively.

Suppliers

During the Track Record Period, we had maintained business relationship with over 400 suppliers. Our five largest suppliers during the Track Record Period in terms of cost of sales are airlines, shipping liners or other freight forwarders. We have maintained business relationship with our five largest suppliers for the year ended 31 December 2015 for around six years on average and with our largest supplier for the same period for more than nine years. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our purchases attributable to our largest supplier amounted to approximately HK$14.9 million, HK$17.6 million and HK$3.6 million, respectively, representing approximately 10.4%, 10.6% and 9.6% of our total cost of sales, respectively, while our purchases attributable to our five largest suppliers in aggregate amounted to approximately HK$49.8 million, HK$59.4 million and HK$14.7 million, respectively, representing approximately 34.7%, 35.8% and 39.6% of our total cost of sales, respectively.

During the Track Record Period, Freight Concept Limited, being a wholly-owned subsidiary of JFX Holding and one of our top five customers, was also one of our suppliers of cargo space. In addition, one of our major customers (not being one of our top five customers during the Track Record Period) was also one of our major suppliers (not being one of our top five suppliers during the Track Record Period) of cargo space during the same period.

For details of our customers and suppliers, please refer to the paragraphs headed "Business — Customers" and "Business — Suppliers" in this prospectus.

COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are key factors contributing to our success to date. We possess the following competitive strengths which will continue to enhance our presence and increase our market share in the freight forwarding and logistics industries:

(a) an established track record of over 25 years in the freight forwarding industry;

(b) ability to understand and adapt to our customers' needs in our growing ancillary logistics services segment;

(c) stable business relationship with our suppliers;

(d) a diversified supplier network allowing us to offer a wide portfolio of cargo routes for our customers for shipping their goods; and

(e) a team of executive Directors and senior management personnel with extensive industry expertise and strong execution capability.

For further details on how our competitive strengths contribute to our success, please refer to the paragraph headed "Business — Strengths, strategies and future plans — Competitive strengths" in this prospectus.

BUSINESS STRATEGIES

We plan to achieve our long-term business objective of becoming a leading one-stop service provider in the freight forwarding and logistics industries in Asia and our ultimate business objective of becoming a major market player in the global freight forwarding and logistics businesses by further developing our freight forwarding and logistics services business through implementing the following strategies:

(a) further developing our portfolio of cargo routes to boost sales performance and enhance market share in the freight forwarding industry;

(b) further expanding our existing GSA arrangements with airlines to better position us in the freight forwarding industry;

(c) expanding our truck fleet to enhance our ancillary logistics services and save our operating costs in the long run;

(d) upgrading our warehouse information technology system; and

(e) enhancing our sales and marketing effort to boost sales performance.

For details of how we intend to apply our net proceeds from the Placing in implementing our future plans, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The tables below set forth the key operational and financial data of our Group. For a detailed analysis of these key operational and financial data, please refer to the section headed "Financial Information" in this prospectus.

Breakdown of our revenue and cost of sales

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Revenue by type of customers								
Direct customers —	**129,883**	**72.6**	**162,242**	**77.5**	**33,790**	**76.9**	**33,119**	**70.4**
Direct shipper customers	116,832	65.3	142,780	68.2	30,619	69.7	28,011	59.5
Logistics service customers	13,051	7.3	19,462	9.3	3,171	7.2	5,108	10.9
Freight forwarder customers	**49,055**	**27.4**	**47,074**	**22.5**	**10,134**	**23.1**	**13,926**	**29.6**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Revenue generated from export shipments by destination								
Asia	131,782	84.0	134,126	74.2	31,234	79.3	33,504	83.1
Africa	9,981	6.4	9,093	5.0	2,182	5.5	1,711	4.3
North America	7,024	4.5	30,707	17.0	4,046	10.3	4,124	10.2
Europe	6,980	4.4	5,683	3.1	1,684	4.3	935	2.3
Others*(Note 1)*	1,058	0.7	1,193	0.7	240	0.6	54	0.1
Total	**156,825**	**100.0**	**180,802**	**100.0**	**39,386**	**100.0**	**40,328**	**100.0**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Revenue generated from import shipments by origin								
Asia	5,995	77.2	5,795	73.8	1,241	76.5	1,290	67.7
Africa	77	1.0	8	0.1	2	0.1	—	—
North America	722	9.3	1,195	15.2	207	12.8	510	26.8
Europe	924	11.9	746	9.5	152	9.4	72	3.8
Oceania	44	0.6	111	1.4	20	1.2	33	1.7
Total	**7,762**	**100.0**	**7,855**	**100.0**	**1,622**	**100.0**	**1,905**	**100.0**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Revenue generated from export shipments by destinations in Asia								
Bangladesh	67,668	51.3	79,224	59.1	16,935	54.2	16,042	47.9
Vietnam	21,851	16.6	22,502	16.8	5,324	17.0	4,522	13.5
Cambodia	13,276	10.1	9,088	6.8	2,647	8.5	2,305	6.9
Sri Lanka	11,298	8.6	10,179	7.6	2,367	7.6	2,490	7.4
Indonesia	5,687	4.3	3,326	2.5	742	2.4	541	1.6
Thailand	2,450	1.9	4,063	3.0	634	2.0	5,858	17.5
Others*(Note 2)*	9,552	7.2	5,744	4.2	2,585	8.3	1,746	5.2
Total	**131,782**	**100.0**	**134,126**	**100.0**	**31,234**	**100.0**	**33,504**	**100.0**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Revenue generated from import shipments by origins in Asia								
India	1,172	19.6	821	14.2	289	23.3	105	8.1
Taiwan	1,107	18.5	1,041	18.0	189	15.2	207	16.1
PRC	811	13.5	390	6.7	144	11.6	32	2.5
Bangladesh	807	13.5	397	6.8	90	7.3	49	3.8
South Korea	458	7.6	966	16.7	155	12.5	354	27.4
Singapore	440	7.3	355	6.1	91	7.3	75	5.8
Vietnam	331	5.5	421	7.3	65	5.2	81	6.3
Sri Lanka	263	4.4	252	4.3	61	4.9	73	5.7
Thailand	203	3.4	614	10.6	70	5.7	159	12.3
Others*(Note 3)*	403	6.7	538	9.3	87	7.0	155	12.0
Total	**5,995**	**100.0**	**5,795**	**100.0**	**1,241**	**100.0**	**1,290**	**100.0**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Cost of sales breakdown								
Freight charges*(Note 4)*	100,060	69.7	115,435	69.7	25,901	71.5	24,586	66.1
Local charges*(Note 5)*	17,571	12.2	20,653	12.5	4,309	11.9	4,866	13.1
Trucking costs*(Note 6)*	9,258	6.4	9,832	5.9	2,279	6.3	2,029	5.5
Operating lease payments	5,399	3.8	8,341	5.0	1,714	4.7	2,263	6.1
Staff costs	4,751	3.3	5,271	3.2	1,412	3.9	1,759	4.7
Others*(Note 7)*	6,560	4.6	6,144	3.7	589	1.7	1,706	4.5
Total	**143,599**	**100.0**	**165,676**	**100.0**	**36,204**	**100.0**	**37,209**	**100.0**

Notes:

1. The category "Others" comprises Oceania and South America.

2. The category "Others" comprises 27, 29, 24 and 23 other countries in Asia for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively.

3. The category "Others" comprises 7, 10, 6 and 7 other countries in Asia for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively.

4. Freight charges refer to costs of cargo spaces.

5. Local charges comprise costs of local handling and documentation.

6. Trucking costs comprise costs of ground transportation.

7. The category "Others" comprises container seal fee, container imbalance charge and other miscellaneous charges.

Breakdown of our gross profit and gross profit margin by type of customers

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Direct customers —	**32,078**	**24.7**	**41,025**	**25.3**	**7,021**	**20.8**	**8,265**	**25.0**
Direct shipper customers	27,437	23.5	34,972	24.5	6,519	21.3	7,266	25.9
Logistics service customers	4,641	35.6	6,053	31.1	502	15.8	999	19.6
Freight forwarder customers	**3,261**	**6.6**	**2,615**	**5.6**	**699**	**6.9**	**1,571**	**11.3**
Total	**35,339**	**19.7**	**43,640**	**20.8**	**7,720**	**17.6**	**9,836**	**20.9**

Breakdown of our gross profit and gross profit margin by major destinations and origins

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Gross profit generated from export shipments by destinations in Asia								
Bangladesh	12,151	18.0	15,441	19.5	3,148	18.6	2,946	18.4
Vietnam	4,243	19.4	5,708	25.4	1,034	19.4	1,245	27.5
Cambodia	3,223	24.3	2,211	24.3	372	14.0	561	24.3
Sri Lanka	1,211	10.7	1,219	12.0	254	10.7	298	12.0
Indonesia	1,058	18.6	767	23.1	138	18.6	125	23.1
Thailand	664	26.4	1,201	29.6	132	20.9	1,651	28.2
Others	1,844	19.3	1,226	21.3	506	19.6	387	22.2
Total	**24,394**	**18.5**	**27,773**	**20.7**	**5,584**	**17.9**	**7,213**	**21.5**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Gross profit generated from import shipments by origins in Asia								
India	300	25.5	210	25.5	74	35.2	27	25.5
Taiwan	389	35.2	366	35.2	67	16.2	73	35.2
PRC	107	13.2	51	13.2	19	19.2	4	13.2
Bangladesh	165	20.5	81	20.5	18	23.9	10	20.5
South Korea	166	36.3	350	36.3	56	13.2	128	36.3
Singapore	84	19.2	68	19.2	18	20.5	14	19.2
Vietnam	55	16.7	70	16.7	11	22.0	13	16.7
Sri Lanka	58	22.0	56	22.0	13	27.7	16	22.0
Thailand	49	23.9	146	23.9	17	16.7	38	23.9
Others	75	18.5	107	20.0	15	17.3	29	18.6
Total	**1,448**	**24.2**	**1,505**	**26.0**	**308**	**24.8**	**352**	**27.3**

Breakdown of our shipment volume by type of shipments

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	('000 kg)	*('000 kg)*	*('000 kg)*	*('000 kg)*
Air freight shipment volume —	**4,134**	**5,512**	**1,048**	**1,912**
Export	4,033	5,341	1,028	1,873
Import	101	171	20	39
	('000 cbm)	*('000 cbm)*	*('000 cbm)*	*('000 cbm)*
Ocean freight shipment volume —	**344**	**376**	**91**	**87**
Export	299	330	81	71
Import	45	46	10	16

Segment results

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)* (Unaudited)	*(HK$'000)*
Air freight	8,378	11,682	1,985	3,278
Ocean freight	18,609	21,316	4,320	4,372
Logistics	3,734	3,891	218	335
Total	**30,721**	**36,889**	**6,523**	**7,985**

Selected information from the consolidated statements of profit or loss or other comprehensive income

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*Margin %*	*HK$'000*	*Margin %*	*HK$'000* (Unaudited)	*Margin %*	*HK$'000*	*Margin %*
Revenue	178,938	—	209,316	—	43,924	—	47,045	—
Gross profit	35,339	19.7	43,640	20.8	7,720	17.6	9,836	20.9
Profit (loss) and total comprehensive income (expense) for the year/period	9,279	5.2	13,586	6.5	1,424	3.2	(2,517)*(Note)*	(5.4)

Note: For the three months ended 31 March 2016, the net loss was attributable to the Listing expenses incurred of approximately HK$4.6 million. If the Listing expenses had been excluded, we would have recorded a net profit of approximately HK$2.0 million. Despite our net loss for the three months ended 31 March 2016, our Directors are of the view that we will record a profit for the year ending 31 December 2016.

Selected information from the consolidated statements of financial position

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Current assets	68,139	70,645	46,285
Current liabilities	56,006	44,845	27,049
Non-current assets	5,483	6,127	10,133
Non-current liabilities	1,293	845	804
Total equity	16,323	31,082	28,565

Selected information from the consolidated statements of cash flows

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Operating cash flows before movements in working capital	12,403	17,700	2,094	(1,855)
Net cash from (used in) operating activities	5,668	6,800	6,499	(8,878)*(Note)*
Net cash (used in) from investing activities	(17,339)	14,448	16,219	14,881
Net cash from (used in) financing activities	11,660	(19,345)	(24,317)	(1,703)
Net (decrease) increase in cash and cash equivalents	(11)	1,903	(1,599)	4,300

Note: For the three months ended 31 March 2016, we recorded net cash flow used in operating activities amounting to approximately HK$8.9 million which was attributable to (a) the Listing expenses incurred of approximately HK$4.6 million; (b) the decrease in amounts due to related parties of approximately HK$14.3 million which were offset by (c) the decrease in amount due from a related party of approximately HK$7.2 million. If the net impact of the aforementioned items (a), (b) and (c) had been excluded, we would have recorded net cash flow from operating activities amounting to approximately HK$2.8 million.

Key financial ratios

	As at/Year ended 31 December 2014	As at/Year ended 31 December 2015	As at/Three months ended 31 March 2016
Current ratio	1.2 times	1.6 times	1.7 times
Gearing ratio	16.2%	3.2%	4.3%
Interest coverage ratio	115.6 times	356.0 times	N/A
Return on total assets ratio	12.6%	17.6%	(4.5)%
Return on equity ratio	56.8%	43.7%	(8.8)%

Trade receivables and trade payables turnover days

	As at 31 December 2014	As at 31 December 2015	As at 31 March 2016
Average trade receivables turnover days	63	58	62
Average trade payables turnover days	29	29	34

Our average trade receivables turnover days ranged from 58 to 63 days while our average trade payables turnover days ranged from 29 to 34 days during the Track Record Period. This indicates that there was a mismatch between our average trade receivables turnover days and average trade payables turnover days causing a potential cash flow gap. Our Directors believe that such cash flow gap is common among freight forwarders with a similar business model in the industry. Our Directors have confirmed that such cash flow gap has no material adverse impact on our Group's liquidity.

STATISTICS OF THE PLACING

	Based on a Placing Price of HK$0.38 per Share	Based on a Placing Price of HK$0.42 per Share
Market capitalisation of Shares(Note 1)	HK$228.0 million	HK$252.0 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share(Note 2)	HK$0.115	HK$0.124

Notes:

1. The calculation of the market capitalisation of Shares is based on 600,000,000 Shares in issue immediately following completion of the Placing and the Capitalisation Issue assumed to be on 31 March 2016. It does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to our Company's general mandate.

2. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share have been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

RISK FACTORS

There are certain risks involved in our Group's operations, many of which are beyond our Group's control. Material risks we face include:

(a) not being able to maintain our growth in revenue and net profit experienced during the Track Record Period in the future;

(b) limitation of our growth prospects where we are unable to successfully implement our future plans;

(c) absence of long-term agreements with our customers for committed purchases of cargo space;

(d) detrimental changes to our business relationship with our major suppliers;

(e) customer counterparty risk when our customers fail to settle our invoices;

(f) inability to pass on the increase in purchase costs to our customers;

(g) economic downturns and disruptions in the business activities of our suppliers and customers;

(h) inability to source cargo space to meet our customers' demand;

(i) ineffective consolidation of cargo space;

(j) regional customer concentration risk when our customers' business activities are affected by change to political and economic conditions;

(k) additional risks we face when expanding our cargo routes as part of our expansion plan;

(l) seasonal fluctuations in our results of operations; and

(m) inability to recruit and retain experienced employees.

For details of the various risks and uncertainties we face, please refer to the section headed "Risk Factors" in this prospectus.

SHAREHOLDER INFORMATION

Immediately following completion of the Placing and the Capitalisation Issue (without taking into account any Share which may be issued upon the exercise of any option which may be granted under the Share Option Scheme), Million Venture will be entitled to exercise or control the exercise of 75% of the voting power at general meetings of our Company. Million Venture is directly wholly owned by Mr. Cheng. As such, Million Venture and Mr. Cheng are our Controlling Shareholders. For details, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

Each of our Controlling Shareholders, our Directors and their respective close associates does not have any interest apart from the business of our Group which competes or may compete with the business of our Group and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

DIVIDEND

During the Track Record Period, our Group distributed an interim dividend of HK$156,000 in 2014 while no dividends were declared in 2015 and the three months ended 31 March 2016. Our Group currently does not have any specific dividend policy. The payment and the amount of any future dividend will be at the discretion of our Board and will depend on, among others, our earnings, financial condition, cash requirement and availability and any other factors our Directors may deem relevant. As such factors and payment of dividends are at the discretion of our Board, which reserves the right to change our plan on the payment of dividends, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Prospective investors should therefore note that historical dividend payments should not be regarded as an indication of our future dividend policy.

USE OF PROCEEDS

Our Directors believe that the Listing will enhance our Group's profile and the net proceeds from the Placing will strengthen our capital base and will provide funding to our Group for achieving our business strategies and future plans as set out in the paragraph headed "Business — Strengths, strategies and future plans — Business strategies and future plans" and the section headed "Future Plans and Use of Proceeds" in this prospectus.

Assuming that the Placing Price is determined at HK$0.4 (being the mid-point of the Placing Price range), the aggregate amount of net proceeds from the Placing to be received by our Company after deducting the underwriting commission and estimated expenses payable by our Company is estimated to be approximately HK$39.0 million. Our Directors intend to apply such net proceeds in the following manner:

(a) approximately HK$16.4 million or 42% will be used for further developing our freight forwarding business;

(b) approximately HK$16.4 million or 42% will be used for further developing our logistics business;

(c) approximately HK$4.1 million or 11% will be used for further enhancing our sales and marketing effort; and

(d) approximately HK$2.1 million or 5% will be used for our general working capital or other corporate purposes.

In summary, the implementation of the objectives of our Group from the Latest Practicable Date to 31 December 2018 will be funded by the net proceeds from the Placing as follows:

	From the Latest Practicable Date to 31 December 2016	For the six months ending 30 June 2017	31 December 2017	30 June 2018	31 December 2018	Total
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Further developing our freight forwarding business	3.1	4.1	4.1	3.1	2.0	16.4
Further developing our logistics business	2.2	4.4	4.4	3.2	2.2	16.4
Further enhancing our sales and marketing effort	0.9	0.8	0.8	0.8	0.8	4.1
General working capital	0.5	0.5	0.5	0.3	0.3	2.1
Total	**6.7**	**9.8**	**9.8**	**7.4**	**5.3**	**39.0**

LISTING EXPENSES

Our total expenses for the Listing are estimated to be approximately HK$21.0 million, of which approximately HK$13.5 million will be recorded in our Group's profit and loss accounts for the year ending 31 December 2016 and the remaining estimated Listing expenses in the amount of approximately HK$7.5 million will be deducted from equity upon the Listing. Accordingly, the financial results of our Group for the year ending 31 December 2016 are expected to be significantly affected by the estimated expenses in relation to the Listing as it is expected that there will be a significant decrease in net profit for the year ending 31 December 2016. Such Listing expenses are current estimates for reference only and the final amount to be charged to the profit and loss accounts of our Group for the year ending 31 December 2016 and the amount to be deducted from our Group's capital is subject to change.

REASONS FOR THE LISTING

Out of the HK$9.0 million bank borrowing facilities granted to our Group as at 31 July 2016, approximately HK$2.0 million was a bank overdraft facility while approximately HK$7.0 million was a combined limit of two revolving letters of guarantee and performance bond facilities. As at 31 December 2015, the aggregate bank guarantees provided by our Group in favour of our suppliers amounted to approximately HK$5.1 million, which was for securing our obligation to pay for air or sea cargo space for our freight forwarding business. The aggregate bank guarantees provided by our Group in favour of our suppliers further rose to approximately HK$5.7 million as at 31 July 2016. As disclosed in the paragraph headed "Use of proceeds" in this section, part of our future plan is to further develop our freight forwarding business which will inevitably involve providing further bank guarantees or cash deposits in favour of our suppliers to secure our obligations for purchasing cargo space. We were also required to make a cash deposit in the sum of approximately HK$3.0 million, which was determined based on arm's length negotiation between the parties with reference to, among others, credit terms, frequency of settlement and expected shipment volume under the GSA agreement, and was on normal commercial terms, in favour of our Thailand based airline partner under our GSA agreement. If we were to further expand our portfolio of cargo routes and our GSA arrangements by identifying suitable new airlines and shipping liners, our existing banking facilities of HK$9.0 million would not be sufficient to cope with our expansion plans.

Strong capital support is a key success factor and an entry barrier to the freight forwarding and logistics services markets. Our Directors believe that the Listing not only provides net proceeds to cope with our expansion plans, but also provides other intangible benefits such as a convenient fund raising platform, which is only available to listed companies, for our Group to obtain both equity and debt financing in the future. As at 31 March 2016, our Group only maintained bank balances and cash in the sum of approximately HK$9.9 million. The Listing will enable our Group to raise funds immediately and have access to the equity capital market for raising funds in the future to fulfil capital needs. Due to our business nature, we do not own any property which can be used as collaterals or securities to obtain debt financing from banks. Our Directors believe that it would be easier and more cost-effective for our Group to obtain sufficient debt financing from banks to fund its future operations and development with a listing status. Furthermore, a listing status would allow our Group to (a) gain publicity; (b) reinforce our position within the industry; and (c) further strengthen our reputation in the industry which makes it easier for us to maintain our existing business relationship with our network of suppliers and customers and further explore potential business opportunities with new suppliers and customers, in particular renowned airlines and shipping liners.

The Listing expenses account for approximately 54% of the net proceeds of the Listing and approximately 35% of the gross proceeds of the Listing. Our Directors are of the view that such a proportion is justifiable given the benefits of the Listing to our Group as set out above.

RECENT DEVELOPMENT

Commencement of operation of our new warehouses

To cope with a higher demand for our logistics services and to enhance the experience of our customers, we have since April 2016 further expanded our warehouses by leasing three new warehouses in Tsing Yi and Yau Tong. The tenancy of our two new warehouses located in Asia Logistics Hub, Tsing Yi, covering an approximate gross floor area of over 35,000 sq.ft. and 10,000 sq.ft., respectively, commenced in April 2016 and August 2016, respectively, while the tenancy of our other new warehouse located in Yau Tong, covering an approximate gross floor area of 14,000 sq.ft., commenced in August 2016. We also target to further develop our logistics business by expanding our truck fleet and upgrading our warehouse information technology system. Our operating lease payments have been increased by virtue of our leasing of the three aforesaid warehouses in Tsing Yi and Yau Tong. For details, please refer to the paragraph headed "Business — Strengths, strategies and future plans — Business strategies and future plans" in this prospectus.

Our financial performance subsequent to the Track Record Period

Based on the unaudited management accounts of our Group for the seven months ended 31 July 2016, which have been reviewed by the reporting accountants of our Company in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, we recorded a revenue of approximately HK$120.7 million.

It is expected that Director's fees, staff costs and legal and professional fees for post-Listing maintenance will be increased subsequent to the Listing.

NO MATERIAL ADVERSE CHANGE

Save for the total expenses for the Listing mentioned above, our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2016 (being the date to which the latest audited consolidated financial statements of our Group were prepared), and there is no event since 31 March 2016 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus. As far as we are aware, there was no material change in the general conditions in the freight forwarding and logistics industries that we operate in that had affected or would affect our business operations or financial conditions materially and adversely.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Articles"	the articles of association of our Company adopted on 23 September 2016, as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"BDT"	Bangladesh taka, the lawful currency of Bangladesh
"Board"	our board of Directors
"business day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"Business Transfer"	the transfer of all freight forwarding business in Hong Kong and the related assets and liabilities from JFXL to Janco Global Logistics which was completed on 30 June 2015
"BVI"	the British Virgin Islands
"CAGR"	compounded annual growth rate
"Capitalisation Issue"	the issue of 449,999,900 Shares to be made upon capitalisation of the amount of HK$4,499,999 standing to the credit of the share premium account of our Company as referred to in the paragraph headed "A. Further information about our Group — 5. Written resolutions of our sole Shareholder passed on 23 September 2016" in Appendix IV to this prospectus
"cbm"	cubic metre
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
"CCASS Custodian Participant(s)"	person(s) admitted to participate in CCASS as custodian participant(s)
"CCASS Investor Participant(s)"	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individuals or corporation(s)

"CCASS Participant(s)"	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
"CG Code"	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Janco Holdings Limited (駿高控股有限公司), an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on 12 November 2015
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to Million Venture and Mr. Cheng or, where the context so requires, any one of them. The shareholding of each of our Controlling Shareholders in our Company immediately following completion of the Reorganisation, the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme) is set out in the section headed "History, Development and Reorganisation" in this prospectus
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 30 September 2016 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) regarding certain indemnities as more particularly set out in the paragraph headed "E. Other information — 1. Tax and other indemnities" in Appendix IV to this prospectus

"Deed of Non-competition"	the deed of non-competition dated 30 September 2016 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time), regarding certain non-competition undertakings as more particularly set out in the paragraph headed "Relationship with Controlling Shareholders — Non-competition undertakings" in this prospectus
"Director(s)"	director(s) of our Company
"FC Global"	FC Global Logistics Limited, a company incorporated in Hong Kong with limited liability on 25 February 2016 and an indirect wholly-owned subsidiary of our Company
"F&S Report"	an independent industry report prepared by Frost & Sullivan, an extract of which is set out in the section headed "Industry Overview" in this prospectus
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research institution
"GDP"	gross domestic product
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group", "we, "our" or "us"	our Company and our subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our existing subsidiaries, our existing subsidiaries or, where the context so requires in respect of the period before the completion of the Business Transfer, our existing subsidiaries and their predecessors
"HKFRSs"	Hong Kong Financial Reporting Standards
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong

"IATA"	the International Air Transport Association, an association of the world's airlines founded in April 1945 with the principal purpose of promoting safe, regular and economical air transport
"independent third party(ies)"	individual(s) or company(ies) who or which is/are not connected person(s) of our Company
"Janco (BVI)"	Janco (BVI) Group Ltd, a company incorporated in the BVI with limited liability on 5 November 2015 and a direct wholly-owned subsidiary of our Company
"Janco Global Logistics"	Janco Global Logistics Limited (駿高物流有限公司), a company incorporated in Hong Kong with limited liability on 23 June 2015 and an indirect wholly-owned subsidiary of our Company
"Janco Logistics (HK)"	Janco Logistics (HK) Limited (駿高物流倉庫有限公司), formerly known as JF Air Limited, a company incorporated in Hong Kong with limited liability on 21 March 2005 and an indirect wholly-owned subsidiary of our Company
"JFX Group"	the group of companies including JFX Holding and its subsidiaries or, where the context so requires in respect of the period before the completion of the Reorganisation, JFX Holding and its subsidiaries other than those which are members of our Group
"JFX Holding"	JFX Holding Ltd, a company incorporated in the BVI with limited liability on 17 October 2005, the entire issued share capital of which was transferred from Mr. Cheng to an independent third party on 31 December 2015
"JFXL"	JFX Limited (運高控股有限公司), formerly known as Janco International Freight Limited (駿高國際貨運有限公司), Janco International Freight Limited (駿高海運有限公司) and Janco Systems Limited (真確體系有限公司), a company incorporated in Hong Kong with limited liability on 23 February 1990, the freight forwarding business of which in Hong Kong was transferred to Janco Global Logistics on 30 June 2015
"Joint Lead Managers"	Brilliant Norton Securities Company Limited, Sinomax Securities Limited and Quam Securities, being the joint bookrunners and joint lead managers to the Listing
"kg"	kilogramme
"Latest Practicable Date"	23 September 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication

"Listing"	the listing of the Shares on GEM
"Listing Date"	the date, expected to be on or about 7 October 2016, on which dealings in the Shares first commence on GEM
"Macau"	the Macau Special Administrative Region of the PRC
"Marine Elite"	Marine Elite Limited, a company incorporated in the BVI with limited liability on 7 May 2015 and an indirect wholly-owned subsidiary of our Company
"Memorandum"	the memorandum of association of our Company adopted on 23 September 2016, as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"Million Venture"	Million Venture Holdings Limited, a company incorporated in the BVI with limited liability on 18 September 2015, the entire issued share capital of which is owned by Mr. Cheng and is one of our Controlling Shareholders
"Mr. Cheng"	Mr. Cheng Hon Yat, the chairman of our Board, our chief executive officer, an executive Director and one of our Controlling Shareholders
"Placing"	the conditional placing of 150,000,000 Shares by the Underwriters on behalf of our Company for cash at the Placing Price, as further described in the section headed "Structure of the Placing" in this prospectus
"Placing Price"	the final price per Placing Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.42 and expected to be not less than HK$0.38 at which the Placing Shares are to be subscribed for and issued pursuant to the Placing, such price to be determined by the Price Determination Agreement to be entered into between our Company and Quam Securities (for itself and on behalf of the other Underwriters) on the Price Determination Date
"Placing Shares"	the 150,000,000 Shares to be offered for subscription at the Placing Price under the Placing, details of which are set out in the section headed "Structure of the Placing" in this prospectus
"PRC"	the People's Republic of China which, for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan

"Price Determination Agreement"	the agreement to be entered into between our Company and Quam Securities (for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date to determine and record the Placing Price
"Price Determination Date"	the date, expected to be on or before 2 October 2016, or such other date as may be agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters), on which the Placing Price is determined by entering into the Price Determination Agreement
"Quam Securities"	Quam Securities Company Limited, being one of the joint bookrunners and joint lead managers to the Listing
"Reorganisation"	the corporate reorganisation of our Group in the preparation for the Listing, details of which are set out in the paragraph headed "History, Development and Reorganisation — Reorganisation" in this prospectus
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 23 September 2016, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Sponsor"	Lego Corporate Finance Limited, being the sponsor to the Listing
"sq.ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules

"Substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to the entities disclosed in the section headed "Substantial and Significant Shareholders" in this prospectus or, where the context so requires, any one of them
"Sunset Edge"	Sunset Edge Limited, a company incorporated in the BVI with limited liability on 28 April 2015 and an indirect wholly-owned subsidiary of our Company
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"TEU"	twenty-foot equivalent unit, an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals
"Track Record Period"	the two financial years ended 31 December 2014 and 2015 and the three months ended 31 March 2016
"Transpeed Hong Kong"	Transpeed Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 21 December 2012 and an indirect wholly-owned subsidiary of our Company
"Underwriters"	the underwriters of the Placing whose names are set out in the paragraph headed "Underwriting — Underwriters" in this prospectus
"Underwriting Agreement"	the conditional underwriting agreement dated 30 September 2016 and entered into between our Company, our executive Directors, our Controlling Shareholders, the Sponsor and the Underwriters in relation to the underwriting of the Placing Shares, further details of which are set out in the section headed "Underwriting" in this prospectus
"U.S."	the United States of America
"US$" or "USD"	United States dollars, the lawful currency of the U.S.
"Wasco Global"	Wasco Global Limited, a company incorporated in the BVI with limited liability on 12 May 2015 and an indirect wholly-owned subsidiary of our Company
"WCA"	WCA, an association of a network of independent freight forwarders founded in 1998, with over 6,000 member offices in more than 180 countries around the world
"%"	per cent

This glossary contains explanations of certain terms used in this prospectus in connection with our business and the industries and sectors in which we operate. Some of these terms may not correspond to standard industry definitions or usage of such terms.

"airway bill"	a non-negotiable document that applies to shipment by air freight, serving as a contract between the shipper and the air freight carrier, a receipt by the carrier for goods shipped, and a non-negotiable document of title to the goods which evidences the contract between the shipper and the carrier for carriage of goods over routes of the carrier
"bill of lading"	a document that applies to shipment by ocean freight, serving as a contract between the shipper and the ocean freight carrier, a receipt by the carrier for goods shipped, and a document of title to the goods which evidences the contract between the shipper and the carrier for carriage of goods over routes of the carrier
"carrier"	the individual or organisation who transports passengers or goods for a profit
"co-loading"	the practice of combining consignments from more than one shipper having the same destination in one unit load
"consignee"	one to whom a consignment is made, i.e. the person named in the bill of lading to whom or to whose order the bill promises delivery
"consignment"	goods or property sent by the aid of a common carrier from one person in one place to another person in another place
"consolidation"	the process by which a number of consignments of goods of different weights, volumes and sizes are grouped together into a single consignment for carriage in order to maximise utilisation of cargo space on an aircraft or a vessel
"CSA"	a cargo sales agent appointed by an airline which typically non-exclusively authorises such sales agent in a region or territory where that airline has a principal place of business or representative office in relation to that airline's particular segment of business, e.g. air cargo space or passenger tickets, and where the term refers to the business undertaken by such an agent, it stands for cargo sales agency

"freight forwarder"	one who assembles and consolidates shipments and performs or provides for break-bulk and distribution operations of shipments. A freight forwarder may act as a principal who assumes responsibility for the transportation from the place of receipt to the place of delivery by issuing its own house bill of lading to individual shippers whose goods it is consolidating, or as an agent, who is entrusted by shippers and consignees to handle transportation of goods or related business in the names of the shippers and consignees
"GSA"	a general sales agent appointed by an airline which typically exclusively or non-exclusively authorises such general sales agent to represent the airline in a region or territory where that airline does not have a principal place of business or representative office in relation to that airline's particular segment of business, e.g. air cargo space or passengers tickets, and where the term refers to the business undertaken by such an agent, it stands for general sales agency
"pallet"	a flat transport structure that serves as the structural foundation of a unit load which allows handling and storage efficiencies
"palletisation"	a process by which goods are bundled together on a pallet in order to facilitate mechanical handling of stacked goods
"shipper"	a person or firm (usually the seller) named in the shipping documents as the party responsible for initiating a shipment to a consignee (usually the buyer) named in the shipping documents
"unit load"	individual items or items in shipping containers combined into single units
"unit load device"	a container of standard size and dimension which allows a large quantity of cargo to be bundled into a single standard unit for loading on to an aircraft

This prospectus contains forward-looking statements which are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

(a) our business strategies and plans of operation;

(b) our capital expenditure plans;

(c) the amount and nature of, and potential for, future development of our business;

(d) our operations and business prospects;

(e) our dividend policy;

(f) planned projects;

(g) the regulatory environment of our industry in general;

(h) future development in our industry;

(i) the global and domestic economy; and

(j) the freight forwarding market.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and similar expressions are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Prospective investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks before making any investment decision in relation to our Company. Our business, financial condition and results of operations could be adversely affected by the materialisation of any of the following risks. Trading prices of the Shares could decline due to any of the following risks, and you may lose part or all of your investment.

RISKS RELATING TO OUR GROUP

We experienced an overall growth in revenue and net profit during the Track Record Period and may not be able to maintain such growth in the future.

During the Track Record Period, we experienced an overall growth in our revenue and net profit. Our total revenue increased by approximately 17.0% to approximately HK$209.3 million for the year ended 31 December 2015 from approximately HK$178.9 million for the year ended 31 December 2014 while our net profit increased by approximately 46.2% to approximately HK$13.6 million for the year ended 31 December 2015 from approximately HK$9.3 million for the year ended 31 December 2014. We recorded a loss of approximately HK$2.5 million for the three months ended 31 March 2016 primarily attributable to Listing expenses incurred of approximately HK$4.6 million.

Our expansion has, and will continue to, put pressure on our managerial, financial, operational and other resources. We may need to enhance financial, risk and operational controls and recruit and train additional staff to keep pace with our expansion, to oversee and manage the expanded office network and to implement further planned expansion. We cannot assure you that we will be able to manage our future expansion and thus maintain our overall growth in revenue and net profit effectively. If we are unable to effectively manage our expanding operations and costs, our business, financial condition and results of operations could be adversely affected.

Our growth prospects may be limited if we do not successfully implement our future plans.

We devise our future plans as set out in the paragraph headed "Business — Strengths, strategies and future plans — Business strategies and future plans" and the section headed "Future Plans and Use of Proceeds" in this prospectus based on circumstances currently prevailing and bases and assumptions that certain circumstances will or will not occur, as well as the risks and uncertainties inherent in various stages of implementation. Our growth is based on assumptions of future events which include (a) our ability to develop business relationship with suppliers who operate cargo routes for shipments exporting from Hong Kong to countries outside Asia; (b) our ability to secure GSA arrangements with a wide variety of airlines; (c) effectiveness of our sales and marketing effort in the highly fragmented and competitive freight forwarding and logistics industries; and (d) increasing demand for our ancillary logistics services in the future. Our prospects must be considered in light of the risks and challenges which we may encounter in various stages of development of our business. If the assumptions which underpin our future plans prove to be incorrect, our future plans may not be effective in enhancing our growth, in which case our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO OUR BUSINESS

Our customers are not committed to purchase cargo space from us and we may not be able to maintain a stable source of revenue.

Our customers generally make bookings with us for cargo space on an as-needed basis and do not enter into any long-term agreement with us for committed purchases of cargo space. Our revenue is therefore susceptible to fluctuations in the demand for cargo space from our customers, which could be affected by regional and/or global political and economic conditions. We have to rely on our customers to make continuous purchases of cargo space from us to maintain a stable source of revenue. In the absence of long-term agreements, the number of bookings from our customers may vary from period to period due to seasonality factors. We cannot assure you that the actual bookings from our customers will be consistent with our forecasts and this may lead to uncertainty and potential volatility with respect to our profitability from time to time.

Our ability to offer cargo space to our customers at competitive prices hinges on the willingness of our suppliers to offer cargo space to us at favourable prices. If we are not able to maintain stable business relationship with our major suppliers or they cease to offer cargo space to us at favourable prices, our business, financial condition and results of operations could be adversely affected.

The ability of freight forwarders to offer cargo space to customers at competitive prices hinges on the willingness of suppliers to offer cargo space at favourable prices. Suppliers are generally more willing to offer cargo space at favourable prices to freight forwarders with established market presence and reputation. There can be no assurance that we will be able to maintain stable business relationship with our major suppliers or that they will continue to offer cargo space to us at favourable prices. If there is any detrimental change to our business relationship with our major suppliers, we may lose our competitiveness in terms of pricing and our business, financial condition and results of operations could be adversely affected.

We are susceptible to counterparty risks and are liable to pay for the cargo space we source from our suppliers if our customers fail to settle our invoices.

We are liable to pay for the cargo space we source from our suppliers upon expiry of the credit period granted to us by our suppliers. For details of how our suppliers of cargo space charge us for the cargo space sold to us, please refer to the paragraph headed "Business — Our services — Freight forwarding services — Air freight and ocean freight charges" in this prospectus. We cannot assure you that our customers will settle our invoices before expiry of the credit period granted to them or at all. In the event that our customers default in settling our invoices, we are still liable for the full outstanding amount due to our suppliers for the cargo space we have obtained through confirmed bookings. Our business, financial condition and results of operations could be adversely affected should this circumstance arise.

Prices of cargo space we source from our suppliers are subject to fluctuations which could adversely affect our profitability if we are unable to pass on the increase in purchase costs to our customers.

The increase in prices of cargo space we source could have an adverse impact on our profitability due to limitation on the room for profit margin which we could impose. Prices of cargo space we source are subject to fluctuations as determined by the open market and individual purchasers are not able to exercise much control, if any, on them.

During the Track Record Period and as at the Latest Practicable Date, we had entered into block space agreements with one of our airline partners which guaranteed that we were allocated an agreed quantity of air cargo space for certain scheduled flights for a relevant period at pre-determined rates which were subject to adjustments by our airline partner in accordance with the then market conditions. The downside of a block space agreement is that we would have to be bound by the terms of such agreement to source from the counterparty even if it would be more cost-effective for us to source from third parties and even when we are not able to fully utilise the allocated air cargo space. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our total minimum purchase commitment under the block space agreements we entered into with our airline partner were approximately 626,600 kgs, 639,600 kgs and 147,600 kgs, respectively, while the actual tonnage of the air cargo space we purchased from our airline partner for the same period were approximately 692,610 kgs, 859,290 kgs and 191,340 kgs, respectively. As a result, all minimum purchase commitments under the block space agreements have been fulfilled. There were no instances where our Group was not able to fulfil the minimum committed purchases during the Track Record Period and as at the Latest Practicable Date. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to sale of cargo space sourced from our airline partner under the block space agreements were approximately HK$9.0 million, HK$10.8 million and HK$1.9 million, respectively, representing approximately 5.0%, 5.2% and 4.0% of our total revenue, respectively, while our cost of cargo space attributable to our airline partner under the block space agreements were approximately HK$8.2 million, HK$9.1 million and HK$1.7 million, respectively, representing approximately 5.7%, 5.5% and 4.5% of our total cost of sales, respectively. During the Track Record Period, the price of air cargo space sourced from our airline partner under the block space agreements did not fluctuate materially. If however, the prevailing market rates of air cargo space we source fall below the pre-determined rates under the block space agreement, we may have to offer cargo space to our customers at rates lower than the pre-determined rates, otherwise our customers may turn to other freight forwarders who are able to offer cargo space at a lower price. We may therefore not be able to fulfil the committed purchase quantity pursuant to the block space agreement nor pass on the increase in purchase costs to our customers. As a result, we may not be able to recover our cost and will have to absorb the loss and our profitability could be adversely affected.

Our business is susceptible to disruptions in the business activities of our suppliers of cargo space.

We rely on our suppliers to provide cargo space for our direct shipper customers and freight forwarder customers. Disruptions in the business activities of our suppliers may have negative impacts on our business. Such disruptions include (a) suspension or cancellation of flights and shipping lines due to technical failures and extreme weather conditions, especially when we rely on one airline supplier for a particular destination; (b) labour strikes due to disagreements between labour and management; (c) massive occurrence of political and industrial actions at transportations hubs or destination ports; (d) wars and terrorists attacks; and (e) serious financial difficulties faced by our suppliers during their course of business operations. In the event of occurrence of the above, we may have to arrange for alternative supplies of cargo space from other suppliers for our customers within a tight time constraint. We have since December 2015 entered into a GSA agreement with a regional airline based in Thailand (Supplier H). Under the GSA agreement, our Group acts as a non-exclusive GSA of our airline partner in Hong Kong for sale of its cargo space. Our airline partner has since March 2016 suspended all its flights between Hong Kong and Bangkok, which was the only route on which we sourced cargo space from such airline partner, having announced that the flights they operate have mechanical problems. Since the commencement of the GSA agreement and up to 31 March 2016, the total shipment volume and revenue attributable to sale of air cargo space of our airline partner under the GSA agreement amounted to approximately 1,077,000 kgs and HK$8.0 million, respectively, while the gross profit and gross profit margin attributable to the GSA agreement amounted to approximately HK$3.1 million and 38.5%, respectively (taking into account only freight charges relating to the GSA agreement). For the year ended 31 December 2015 and the three months ended 31 March 2016, our revenue attributable to the GSA agreement amounted to approximately HK$2.1 million and HK$5.9 million, respectively, representing approximately 1.0% and 12.6% of our total revenue, respectively. For the year ended 31 December 2015 and the three months ended 31 March 2016, our gross profit attributable to the GSA agreement (taking into account only freight charges relating to the GSA agreement) amounted to approximately HK$0.8 million and HK$2.3 million, respectively, representing approximately 1.8% and 23.7% of our total gross profit, respectively. As at the date of suspension, the estimated total net weight of cargo space bookings confirmed but not yet fulfilled amounted to approximately 8,889 kgs, representing revenue in the amount of approximately HK$53,000.

If we are unable to source cargo space on alternative routes for our customers, our customers may switch to our competitors and our reputation, business, financial condition and results of operations could be adversely affected.

Our business is susceptible to economic downturns and disruptions in the business activities of our direct customers caused by conditions beyond our control.

A majority of our customers are direct customers (comprising direct shipper customers and logistics service customers). For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue contributed by our direct customers amounted to approximately HK$129.9 million, HK$162.2 million and HK$33.1 million, respectively, representing approximately 72.6%, 77.5% and 70.4% of our total revenue, respectively. As such, our business is susceptible to downturns and disruptions in the business activities of our direct customers. If sales of our customers in a geographical market decline due to regional and/or global political and economic conditions beyond our control, such decline will likely lead to a corresponding plunge in demand for cargo space and ancillary logistics services from us and our business, financial condition and results of operations could be adversely affected.

Almost all the cargo space we source are non-committed purchases and therefore we may not be able to meet our customers' demand.

During the Track Record Period, we had only entered into block space agreements with one of our airline partners which guaranteed allocation of an agreed amount of cargo space to us. All our other cargo space purchase arrangements are non-committed purchases and are subject to the availability of our suppliers' aircrafts or vessels. Non-committed purchases represented approximately 93.9%, 94.0% and 95.0% of our total cost of sales attributable to our freight forwarding services for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, respectively. As almost all cargo space offered by our airline partners or shipping liner partners are on a first-come-first-served basis, there can be no assurance that we will be able to source cargo space on specific routes upon our customers' request. If we cannot obtain sufficient cargo space from our suppliers to meet our customers' demand, in particular during peak seasons, our reputation within the network of industry players could be ruined.

Consolidation of cargo space during the course of our business operations may not be effective to enable us to maximise our profit from a given cargo space.

Although we consolidate the cargo space we purchase from our suppliers in order to maximise our profit, we cannot assure you that we are always able to consolidate all the excess cargo space we have purchased on every occasion. During the Track Record Period and as at the Latest Practicable Date, we were only committed to purchasing cargo space from one of our airline partners under the block space agreements we had entered into with such airline partner. There were no instances where our Group was not able to fulfil the minimum committed purchases. As such, there was no excess cargo space purchased. We cannot assure you that there will not be instances where, for example, due to (a) departure timetable of the aircraft or vessel; (b) popularity of the route; or (c) seasonality factors, we are unable to fully consolidate all the excess cargo space we have purchased from our suppliers. If these circumstances arise, we may have to bear the costs of all the excess cargo space we have purchased and our business and results of operations could be adversely affected.

Our selling of cargo space to our direct shipper customers for exporting shipments from Hong Kong to various destinations in Asia exposes us to customer concentration risk.

Our business focuses on selling cargo space to our direct shipper customers for exporting shipments from Hong Kong to various destinations in Asia. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue generated from export shipments to Asia amounted to approximately HK$131.8 million, HK$134.1 million and HK$33.5 million, respectively, representing approximately 84.0%, 74.2% and 83.1% of our total revenue generated from export shipments, respectively. Such business focus potentially limits our growth in customer base as our customer base does not generally cover direct shipper customers who frequently export shipments to countries outside Asia. We are therefore exposed to customer concentration risk in the sense that our business, financial condition and results of operations could be adversely affected even when our customers' business activities are simply affected by regional (i.e. in Asia) and not global changes to political and economic conditions.

Expanding our portfolio of cargo routes could subject us to additional risks and challenges.

Offering a wider portfolio of cargo routes will enhance our customer base and maintain our market share and our competitiveness. We target to expand our existing portfolio of cargo routes and tap into cargo routes for shipments exporting from Hong Kong to North America, South America and Europe. However, there can be no assurance that we will be successful in expanding our portfolio of routes as we may face challenges not previously encountered, fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage on our past experience to meet the challenges encountered in expanding our portfolio of routes. If we are unable to implement such strategy effectively, our competitiveness could be compromised.

Our revenue is subject to seasonal fluctuations and therefore our results for different periods in any given financial year may not be relied upon as indicators of our performance.

There is generally a higher demand for cargo space from April to May and August to January, which is driven by a higher demand for shipment of goods before Christmas and before and after the Lunar New Year holidays. For the two years ended 31 December 2014 and 2015, the aggregate revenue generated for the eight months including January, April, May and from August to December was approximately HK$130.7 million and HK$150.8 million, respectively, representing approximately 73.0% and 72.1% of our total revenue for the same periods, respectively. Our sales may therefore vary considerably from time to time as a result of changes in seasonal demand for cargo space due to the impact of holidays. Our results for different periods in any given financial year may therefore not be relied upon as indicators of our performance.

An integral part of our success lies in our ability to recruit and retain experienced employees for our business operations. The departure of any members of our management team could adversely interrupt our business if we are unable to recruit the replacement personnel with equivalent qualifications in a timely manner.

Our success is attributed to the leadership and contributions of our management team comprising Mr. Cheng, Mr. Chan Kwok Wai, Mr. Lo Wai Wah, Mr. Yau Sze Yeung and our senior management personnel, who are collectively responsible for the overall corporate development and business strategies of our Group as well as implementing business plans and driving the growth of our Group. As such, the experience and contribution of our management team are crucial to the success and continuous growth of our Group.

Our Directors believe that an integral part of our success lies in our ability to recruit and retain experienced employees with knowledge in the freight forwarding and logistics industries for our business operations. However, we cannot guarantee that we will be able to recruit and retain suitable employees in the future.

If any of our departing employees joins our competitors or forms a competing company, we may lose our customers and know-how. The departure of any member of our management team or any of our experienced employees could adversely interrupt our business if we are unable to recruit the replacement personnel with equivalent qualifications and experience in a timely manner.

We may not be able to obtain finance from time to time to fund our operations and maintain our growth.

Our long-term business objective is to become a leading one-stop service provider in the freight forwarding and logistics industries in Asia, while our ultimate business objective is to become a major market player in the global freight forwarding and logistics industries. In order to fund our operations and maintain our growth to achieve such business objective, we may need to obtain finance from our banks from time to time. There may be occasions where we are unable to obtain finance at terms favourable or acceptable to us. If these circumstances arise, our business, results of operations and growth could be compromised.

We recorded negative operating cash flow for the three months ended 31 March 2016 and may have difficulty in covering our operating expenses

Our cash used in operations amounted to approximately HK$8.9 million, primarily attributable to the repayment of amounts due to related parties in the amount of approximately HK$14.3 million during the three months ended 31 March 2016. If we continue to record negative operating cash flow, we may have difficulty in covering our operating expenses or have to rely on our investing and financing activities to generate cash in covering our operating expenses. We cannot assure you that we can always maintain healthy cash flow from our investing and financing activities due to, for example, circumstances beyond our control or the general economic environment. If we are unable to maintain a healthy cash flow, our business, financial condition and results of operations could be adversely effected.

We cannot assure you that the service quality of our business partners for services we outsource will always meet our or our customers' standards and requirements.

We provide local delivery services within Hong Kong through our own vehicles as part of the ancillary logistics services we offer and outsource part of such local delivery services to our business partners who are independent service providers on an as-needed basis as it will be more cost-effective to make such arrangements. However, we cannot assure you that the service quality of our business partners will always meet our or our customers' standards or requirements. There may be occasions where our business partners are not able to deliver goods on time or there may be instances where goods are damaged during transfer. If our business partners are unable to meet our customers' standards and requirements and we are unable to find suitable alternatives promptly, our reputation within the industry and therefore our business, sales performance and results of operations could be adversely affected.

If we are unable to promptly recover our electronic system and database when they fail to operate properly, our reputation, business and operations could be adversely affected.

We rely on information technology to maintain our electronic system and database in the course of our business operations. Our suppliers' and customers' information, flight and shipping schedules, and information on our customers' goods at our warehouses are electronically recorded in our system. If we are unable to promptly recover our system and database at times of failure, our reputation, business and operations could be adversely affected.

We cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain during the course of our business operations.

We have taken out logistics solution insurance policy with coverage normally required for a freight forwarder and warehouse operator for protection against claims for cargo loss or damage and legal liability arising from shipment delay and misdirection and other related legal liabilities. We have also taken out office comprehensive insurance policy against loss and damage to our offices contents and stock, business interruption and public liability and other insurance policies required to be maintained by law in the course of our business. However, we cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain during the course of our business operations as it is not always possible to accurately predict and quantify how much loss we will suffer from potential claims. In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for losses, damages and liabilities out of our own funds. If we face legal claims from parties that may not be adequately covered by the insurance policies we have taken out, our business, operations and financial condition could be adversely affected.

RISKS RELATING TO OUR INDUSTRIES

The freight forwarding and logistics industries in which we operate are highly fragmented and competitive and there can be no assurance that we can compete successfully for customers in the future.

According to the F&S Report, the freight forwarding and logistics industries in which we operate are highly fragmented and competitive. We compete with other freight forwarders locally on pricing, network of routes offered and range of services offered. Major airlines and shipping liners have also set up subsidiaries to offer freight forwarding services and logistics services. Keen competition from other freight forwarders within the market may adversely affect our customer base and market share. We may have to adopt a more competitive pricing strategy by lowering our profit margin in order to maintain our customer base and market share, in the event that we fail to source cargo space from our suppliers at favourable prices. There can be no assurance that we can compete successfully over other industry players for customers in the future. If we are unable to maintain our customer base, our business, financial condition and results of operations could be adversely affected.

The demand for air and sea cargo space is cyclical.

Demand for air and sea cargo space is affected by factors such as regional and/or global political and economic conditions, level of international trade activities, economic sanctions, outbreak of wars, changes in regulatory regimes and extreme weather conditions, all of which are beyond our control and the nature, timing and degree of which are largely unpredictable. Any decrease in demand for our freight forwarding services due to cyclical downturns could adversely affect our business, financial condition and results of operations.

There can be no assurance that fuel price will not rise significantly in the future thereby affecting demand for air and sea cargo space.

The global economy has seen a significant drop in oil price in view of the increasing production of oil from oil-exporting countries such as Saudi Arabia and Russia. Without any firm intention from oil-exporting countries to cut down oil production, an excess supply of oil has caused oil price, and therefore fuel price, to drop significantly over the past months. Having said that, we are unable to predict accurately when oil-exporting countries will reduce oil production and there can be no assurance that fuel price will not rise significantly in the future leading to the increase in prices of air and sea cargo space we source. If oil price soars, our direct shipper customers may divert their domestic and inter-continental deliveries to other alternatives such as rail and road transportation and our profitability could be adversely affected.

Frequent terrorist attacks may increase the costs of our operations and reduce demand for our services.

The world continues to be threatened by frequent series of terrorist attacks such as massive shootings and suicide bombings. Frequent terrorist attacks in major cities have called for tightened security procedures at major airports and ports. Frequent terrorist attacks have negative impacts on the freight forwarding and logistics industries such as loss of traffic and revenues, increased security and insurance costs and port delays due to tightened security. Any future terrorist attack, or the threat of such attack, may increase the costs of our operations due to tightened security, delays or cancellations associated with new government decrees and reduce demand for our services. In such event, our business, financial condition and results of operations may be adversely affected.

The freight forwarding and logistics industries in which we operate are susceptible to material regional or global adverse changes in the social and economic conditions which could adversely affect the business of freight forwarders.

Material regional or global adverse changes such as (a) wars, natural disasters, epidemics, and other acts of God; (b) changes in local government policies, laws, rules or regulations; or (c) sudden downturn in the economy or consumer demand may disrupt the business of major players along the value chain in the freight forwarding and integrated logistics services industries. Such changes may affect the business of both industries and increase our operating costs and lower our profit margin, leading to material adverse effects on our business, results of operations and profitability.

There can be no assurance that Hong Kong will continue to maintain its position as a significant air and sea cargo hub in Asia.

Our Group's operations are solely located in Hong Kong. As a significant air and sea cargo hub in Asia, Hong Kong is well-positioned to foster a high demand for cargo space on outbound routes from Hong Kong to other destinations in Asia. There can be no assurance that Hong Kong will continue to maintain such position. According to the F&S Report, Shenzhen in the PRC shares the same cargo catchment area in the Pearl River Delta region while Singapore shares the same positioning as a regional hub for intra-Asia trade and as a logistics centre. In the event that Hong Kong loses its position as a transportation hub in Asia, the demand for freight forwarding services and ancillary logistics services and the overall business activities of the industries and thus our business, financial condition and results of operations, may be adversely affected.

The freight forwarding and logistics industries in which we operate are susceptible to risk of changes in shipping policies which could have direct adverse impact on our business, results of operations and profits.

Frequent accidents concerning certain types of cargo on aircrafts and vessels have called for tightened safety measures on aircrafts and vessels. In the event that changes in shipping policies, for instance prohibiting consignments containing lithium batteries from loading on to passenger aircrafts, have been adopted, business activities of our customers could be directly affected. Our customers may either be forced to ship their consignments through airlines that offer cargo aircrafts or divert their domestic and inter-continental deliveries to other alternatives such as rail and road transportation. Tightened safety measures may also imply an overall burden on cargo space suppliers to raise shipping costs in order to maintain their profit margin. In the event that we are unable to source suitable alternative cargo space for our customers, or we fail to pass on our increased costs to our customers, our business, results of operations and profitability could be adversely affected.

Fluctuations in the exchange rate of RMB may affect the industries in which we operate and our business, financial condition and results of operations could be adversely affected.

According to the F&S Report, the depreciation of RMB led to lowered re-export volume of Hong Kong, resulting in a drop in both cargo throughput and container throughput from 2010 to 2015. Moreover, further fluctuations of RMB pose threats and challenges to Hong Kong's freight forwarding services market, according to the F&S Report. The value of RMB against HKD, USD and other foreign currencies is affected by, among others, changes in the PRC's economic and political conditions which are out of our control. There can be no assurance that the exchange rate of RMB will be stable. Any fluctuations in the exchange rate of the RMB may affect the industries in which we operate and our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO THE PLACING

There has been no prior public market for the Shares, thus an active or liquid trading market for the Shares may not develop and the trading price of the Shares may be volatile.

The Shares have not been listed or quoted on any stock exchange or open market before completion of the Placing. There is no assurance that there will be an active trading market for the Shares on GEM upon the Listing. In addition, the market price of the Shares to be traded on GEM may differ from the Placing Price and prospective investors should not treat the Placing Price as an indicator of the market price of the Shares to be traded on GEM.

Upon the Listing, the trading volume and the market price of the Shares may be affected or influenced by a number of factors from time to time, including but not limited to, our revenue, profit and cash flow, our investment, changes in our management and general economic condition. There is no assurance that such factors will not occur and it is difficult to quantify their impact on the trading volume and the market price of the Shares.

Prospective investors of the Shares may experience immediate dilution upon the Listing and further dilution if our Company issues additional Shares in the future.

The Placing Price is expected to be higher than the net tangible asset value per Share immediately prior to the Placing. Therefore, prospective investors of the Shares may experience immediate dilution in the pro forma net tangible asset value per Share.

For the purpose of business expansion, our Directors may consider offering and issuing new Shares or equity-linked securities in the future. Prospective investors of the Shares may experience further dilution in the net tangible assets book value per Share if our Company offers or issues new Shares at a price lower than the then net tangible assets book value per Share.

Issue of new Shares under the Share Option Scheme may decrease our Shareholders' value of investment.

We have conditionally adopted the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus. Following the grant of any option under the Share Option Scheme in the future and the issue of new Shares upon the exercise of any option which may be granted under the Share Option Scheme, there will be a dilution or reduction in shareholding of our then Shareholders and it may also result in a dilution or reduction in the earnings per Share or net asset value per Share.

Sales or perceived sales of substantial amounts of the Shares in the public market by our Controlling Shareholders after the Listing could adversely affect the prevailing market price of the Shares.

The Shares beneficially owned by our Controlling Shareholders are subject to certain lock-up periods under the GEM Listing Rules, details of which are set out in the paragraphs headed "Underwriting — Restrictions and undertakings under the GEM Listing Rules" and "Underwriting — Undertakings under the Underwriting Agreement" in this prospectus. There is no assurance that our Controlling Shareholders, whose interests may be different from those of our other Shareholders, will not dispose of their Shares following the expiration of the lock-up periods. Sales of substantial amounts of the Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Shares.

As the payment and the amount of any future dividend will be at the discretion of our Board, historical dividend payments should not be regarded as an indication of our future dividend policy.

Following completion of the Placing, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any future dividend will be at the discretion of our Board and will depend on, among others, our earnings, financial condition, cash requirement and availability and any other factors our Directors may deem relevant. As such factors and the payment of dividends are at the discretion of our Board which reserves the right to change our plan on the payment of dividends, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Prospective investors should note that historical dividend payments should not be regarded as an indication of our future dividend policy.

Prospective investors may experience difficulties in enforcing their Shareholders' rights as the laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where prospective investors may be located.

Our Company is incorporated in the Cayman Islands and our affairs are governed by the Companies Law, the Memorandum, the Articles and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where prospective investors may be located. As a result, minority Shareholders may not enjoy the same rights pursuant to the laws of Hong Kong or other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the paragraph headed "3. Cayman Islands company law — (f) protection of minorities" in Appendix III to this prospectus.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon.

Certain facts, statistics and data presented in the section headed "Industry Overview" and elsewhere in this prospectus relating to the industries in which we operate have been derived from various publications and industry-related sources prepared by government officials or independent third parties. We believe that the sources of the information are appropriate sources for such information, and our Directors and the Sponsor have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Group, our Directors, the Sponsor nor any party involved in the Placing has independently verified, or make any representation as to, the accuracy of such information and statistics. We cannot assure you that the statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Placing which comprises the offer of 150,000,000 Shares by our Company for subscription at the Placing Price.

The Placing is sponsored by the Sponsor and managed by the Joint Lead Managers. Details of the structure and conditions of the Placing are set out in the section headed "Structure of the Placing" in this prospectus.

The Placing Shares are fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement. Please refer to the section headed "Underwriting" in this prospectus for further details of the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE PLACING SHARES

No action has been taken to permit any offer of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws, rules and regulations of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

The Placing Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. As far as the Placing is concerned, no person is authorised in connection with the Placing to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sponsor, the Underwriters, any of our/their respective directors or any other party involved in the Placing.

Each person acquiring the Placing Shares will be required to, or be deemed by his/her/its acquisition of the Placing Shares, to confirm that he/she/it is aware of the restrictions on the offer of the Placing Shares described in this prospectus and that he/she/it is not acquiring, and has not been offered any Placing Share, in circumstances which contravene any such restrictions.

Prospective investors should consult their professional advisers and take advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to the relevant regulatory requirements of investing in the Placing Shares and any applicable exchange control regulations in the jurisdictions of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus.

None of our Company or any of our subsidiaries is presently listed on any stock exchange on which any part of the equity or debt securities of our Company or any of our subsidiaries is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought.

THE SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares in issue and to be allotted and issued on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the GEM Listing Rules) after any trading day. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Prospective investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Prospective investors of the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in, the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sponsor, the Underwriters, our/their respective directors, agents or advisers or any other persons involved in the Placing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, holding, purchase, disposal of or dealing in, the Shares or exercising their rights thereunder.

SHARE REGISTRARS AND STAMP DUTY

All Shares to be allotted, issued and transferred pursuant to the Placing will be registered on the register of members of our Company in Hong Kong maintained by the Hong Kong Share Registrar. The principal register of members of our Company in the Cayman Islands is maintained by Codan Trust Company (Cayman) Limited. Only Shares registered on the register of members of our Company in Hong Kong may be traded on GEM.

Dealings in the Shares registered on the register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of the Shares being sold or transferred.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this English prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables may not be an arithmetic aggregation of the figures preceding them.

INFORMATION IN THIS PROSPECTUS

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus take no account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Cheng Hon Yat (鄭漢溢先生) *(Chairman of our Board and chief executive officer)*	Flat B, 9th Floor, Chantilly 6 Shiu Fai Terrace Stubbs Road Hong Kong	Chinese
Mr. Chan Kwok Wai (陳國威先生)	Flat 1, 20th Floor, Block 36 Heng Fa Chuen Hong Kong	Chinese
Mr. Lo Wai Wah (羅偉華先生)	Flat D, 11th Floor, Tower 2 New Haven 363 Sha Tsui Road Tsuen Wan, New Territories Hong Kong	Chinese
Mr. Yau Sze Yeung (邱思揚先生)	Room C, 35th Floor, Block 2 Royal Ascot Shatin, New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. Siu Wing Hay (蕭永禧先生)	8th Floor, Block D Broadview Terrace 40 Cloudview Road North Point Hong Kong	Chinese
Mr. Wong Yee Lut Eliot (黃依律先生)	Flat A, 33rd Floor, Tower 3 18 Hoi Fai Road One Silversea Tai Kok Tsui, Kowloon Hong Kong	Australian
Mr. Luk Kin Ting (陸建廷先生)	Flat E, 22nd Floor, Block 31 Park Island Ma Wan Hong Kong	Chinese

For further information on the backgrounds of our Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE PLACING

Sponsor	**Lego Corporate Finance Limited** *A corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity as defined in the SFO* Room 1601, 16th Floor, China Building 29 Queen's Road Central Central Hong Kong
Joint Lead Managers	**Brilliant Norton Securities Company Limited** *A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined in the SFO* Suite 804, 8th Floor, Jubilee Centre 46 Gloucester Road Wan Chai Hong Kong
	Sinomax Securities Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities as defined in the SFO* Unit 1601, Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
	Quam Securities Company Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities as defined in the SFO* 18th Floor–19th Floor, China Building 29 Queen's Road Central Central Hong Kong

Co-managers	**Bonus Eventus Securities Limited** *A corporation licensed under the SFO to carry on type 1 (dealing in securities) regulated activity as defined in the SFO* Room 1707, 17th Floor, Tower II, Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO* Units 3501–7 & 3513–14, 35th Floor, Cosco Tower 183 Queen's Road Central Sheung Wan Hong Kong
	Convoy Investment Services Limited *A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities as defined in the SFO* 24C, @Convoy 169 Electric Road North Point Hong Kong
Legal advisers to our Company	*As to Hong Kong law* **ONC Lawyers** 19th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong
	As to Cayman Islands law **Conyers Dill & Pearman** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands

Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong law* **Loeb & Loeb LLP** 21st Floor, CCB Tower 3 Connaught Road Central Central Hong Kong
Reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35th Floor, One Pacific Place 88 Queensway Admiralty Hong Kong
Compliance adviser	**Lego Corporate Finance Limited** Room 1601, 16th Floor, China Building 29 Queen's Road Central Central Hong Kong
Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Rooms 1014–1018, Tower B No. 500, Yunjin Road Xuhui District Shanghai, 200232 PRC

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit 1608, 16th Floor Tower A, Manulife Financial Centre No. 223 Wai Yip Street Kwun Tong, Kowloon Hong Kong
Company's website	www.jancofreight.com *(Note: the information contained in this website does not form part of this prospectus)*
Company secretary	Mr. Yau Sze Yeung *(HKICPA)* Room C, 35th Floor, Block 2 Royal Ascot Shatin, New Territories Hong Kong
Authorised representatives	Mr. Cheng Hon Yat Flat B, 9th Floor, Chantilly 6 Shiu Fai Terrace Stubbs Road Hong Kong Mr. Yau Sze Yeung Room C, 35th Floor, Block 2 Royal Ascot Shatin, New Territories Hong Kong
Compliance officer	Mr. Cheng Hon Yat Flat B, 9th Floor, Chantilly 6 Shiu Fai Terrace Stubbs Road Hong Kong
Audit committee	Mr. Siu Wing Hay *(Chairman)* Mr. Wong Yee Lut Eliot Mr. Luk Kin Ting
Remuneration committee	Mr. Luk Kin Ting *(Chairman)* Mr. Siu Wing Hay Mr. Wong Yee Lut Eliot

Nomination committee	Mr. Wong Yee Lut Eliot *(Chairman)* Mr. Siu Wing Hay Mr. Luk Kin Ting
Principal share registrar	**Codan Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**DBS Bank (Hong Kong) Limited** 16th Floor, The Center 99 Queen's Road Central Hong Kong
	The Hong Kong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

The information which appears under this section has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted which would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by our Company, the Sponsor, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Placing and neither they nor Frost & Sullivan give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

SOURCES OF INFORMATION

We have engaged and commissioned Frost & Sullivan, an independent global consulting firm founded in 1961 in New York, to prepare the F&S Report including information on Hong Kong's macro economy, Hong Kong's integrated logistics services market and other economic data for a fee of HK$350,000. Frost & Sullivan offers industry research and market strategies and provides growth consulting and corporate training. Frost & Sullivan's industry coverage in the PRC includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.

The market research process has been undertaken through detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected total market size was obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

The F&S Report was compiled based on the following assumptions:

(a) Hong Kong's economy is likely to maintain steady growth in the next decade;

(b) Hong Kong's social, economic and political environment is likely to remain stable in the forecast period; and

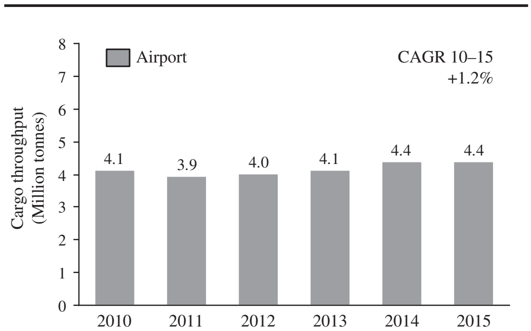
(c) Market drivers include the implementation of the PRC's 13th Five-Year Plan, the gradual recovery of world economy and continual manufacturing relocation to Southeast and South Asia, and the growth of E-commerce in the PRC, Hong Kong and worldwide are likely to drive the future growth of Hong Kong's integrated logistics services market.

AIR FREIGHT

The air cargo throughput of Hong Kong International Airport increased from approximately 4.1 million tonnes in 2010 to approximately 4.4 million tonnes in 2015 with a CAGR of approximately 1.2%. Both inward and outward air cargoes have increased, driving the growth of overall air cargo throughput. Meanwhile, although airport cargo throughput accounted for a rather small proportion of total cargo throughput, the value of air freight is significantly higher on average.

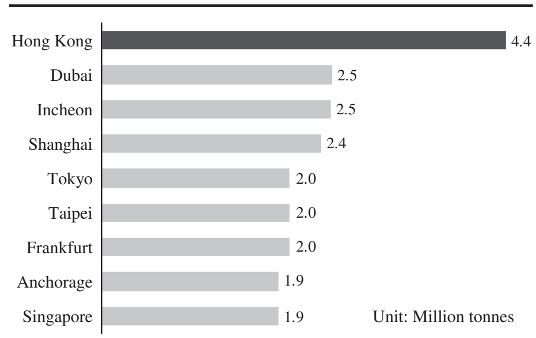
Hong Kong International Airport ranked 1st worldwide in terms of cargo throughout in 2015, significantly larger than the 2nd, which is Dubai International Airport with approximately 2.5 million tonnes of cargo throughput in 2015.

Air cargo throughput of Hong Kong International Airport, 2010–2015



Source: Census and Statistics Department of Hong Kong

Ranking of air cargo throughput of global airports, 2015



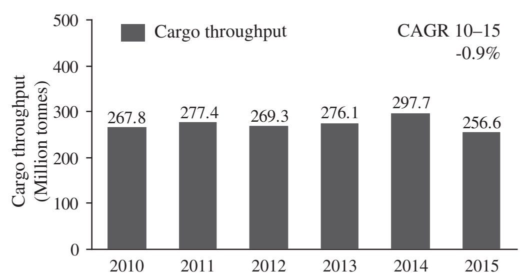
Source: Census and Statistics Department of Hong Kong

OCEAN FREIGHT

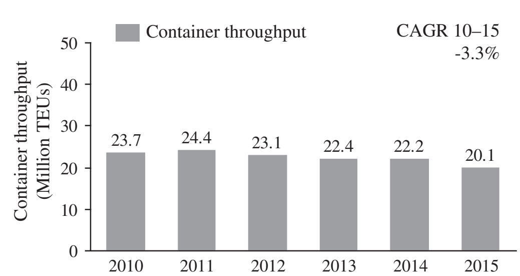
Hong Kong's position as a transfer port is being weakened with the development of the PRC shipping industry, of which cargo throughput dropped from 2010 to 2015 with a CAGR of approximately -0.9%. Due to the congestion of berth and backup area, container throughput dropped from 2010 to 2015 with a CAGR of approximately -3.3%.

For both indices, the drop in 2015 was primarily due to the relatively weak economy, the competition from ports in the PRC, especially those with policy support, and the depreciation of RMB which led to lowered re-export volume of Hong Kong.

Cargo throughput and container throughput of Hong Kong port, 2010–2015



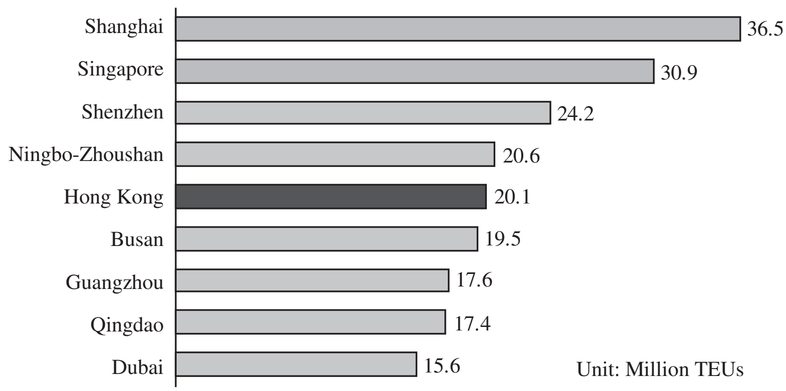
Source: Census and Statistics Department of Hong Kong



Source: Census and Statistics Department of Hong Kong

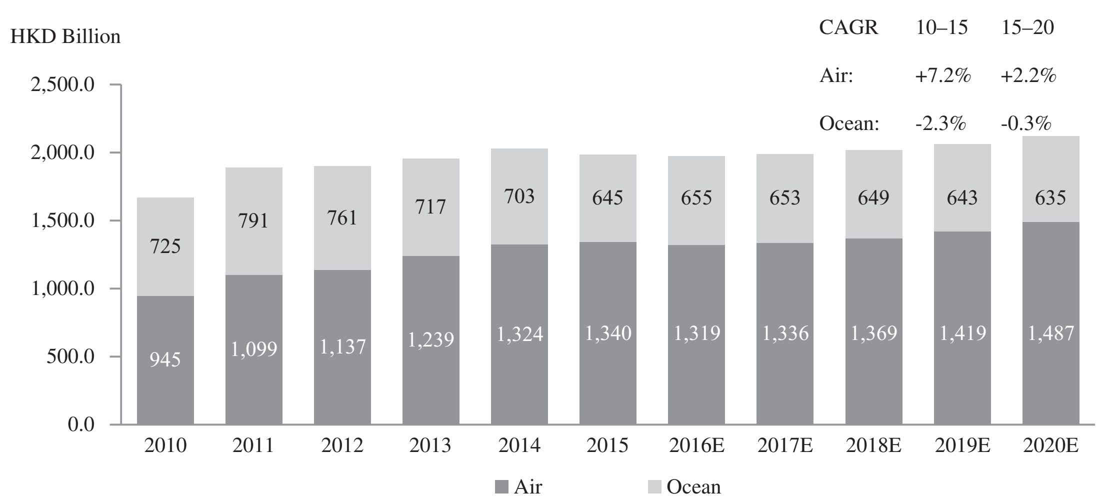
Regarding global port ranking, Hong Kong port ranked 5th worldwide in terms of container throughput in 2015, following Shanghai, Singapore, Shenzhen, and Ningbo-Zhoushan.

Ranking of container throughput of global port, 2015



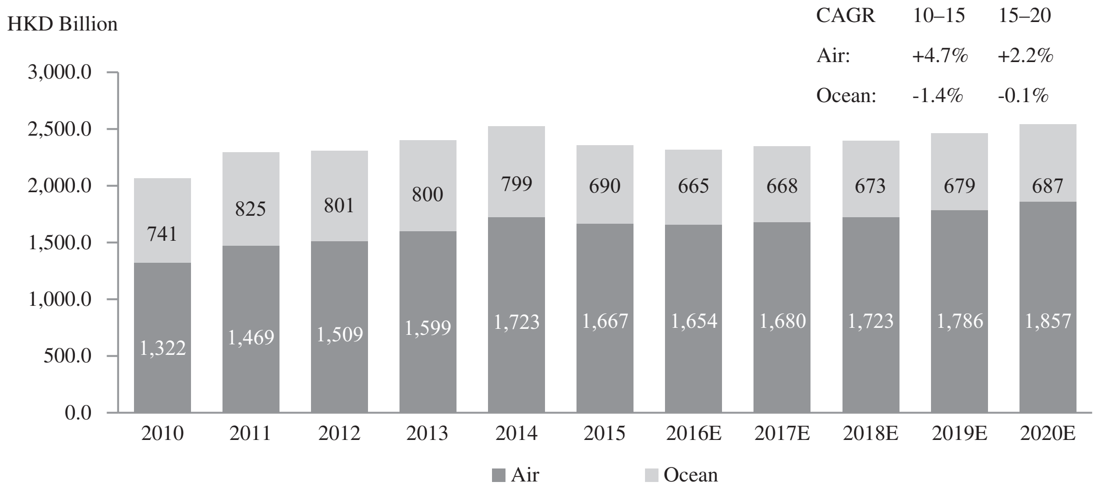
Source: Census and Statistics Department of Hong Kong

External Merchandise Trade Statistics by Mode of Transport (Re-exports), 2010–2020E



Source: Census and Statistics Department of Hong Kong and F&S Report

External Merchandise Trade Statistics by Mode of Transport (Imports), 2010–2020E



Source: Census and Statistics Department of Hong Kong and F&S Report

The value of external merchandise trade through re-export by air increased from approximately HK$945 billion in 2010 to approximately HK$1,340 billion in 2015, with a CAGR of approximately 7.2%, while the value of external merchandise trade through import by air increased from approximately HK$1,322 billion in 2010 to approximately HK$1,667 billion in 2015, with a CAGR of approximately 4.7%. It is expected that the value of external merchandise trade through re-export by air will decrease to approximately HK$1,319 billion in 2016 but will gradually increase to approximately HK$1,487 billion in 2020, with a CAGR of approximately 2.1% from 2015 to 2020. The growing importance of air freight services can be attributable to Hong Kong's key competitive advantages as a logistics hub, which lie in its strategic location and its high level of sophistication and maturity, especially compared with logistics markets in other developing Asian markets. Such advantages are more significant in air cargo. Hong Kong International Airport (a) possesses sufficient cargo capacity with efficient cargo operation; (b) is situated in a strategic geographic location, which offers excellent connectivity and accessibility; and (c) facilitates extensive information technology support and high level of safety and security, all at competitive costs. As a result, in terms of tonnage, air cargo constituted less than 5% of the total cargo throughput of Hong Kong in 2015. However, in terms of value, air cargo accounted for more than 30% and kept an increasing trend since 2010, demonstrating the growing importance of air freight services in Hong Kong's logistics economy.

The value of external merchandise trade through re-export by ocean decreased from approximately HK$725 billion in 2010 to approximately HK$645 billion in 2015, with a CAGR of -2.3% while the value of external merchandise trade through import by ocean decreased from approximately HK$741 billion in 2010 to approximately HK$690 billion in 2015, with a CAGR of -1.4%. Such decrease was primarily attributable to the relatively weak market performance and development of the PRC shipping industry. It is expected that the value of external merchandise trade through re-export by ocean will increase to approximately HK$655 billion in 2016 and decrease to approximately HK$635 billion in 2020, with a CAGR of approximately -0.3% from 2015 to 2020.

PRICE INDICES OF AIR FREIGHT FORWARDING AND OCEAN FREIGHT FORWARDING

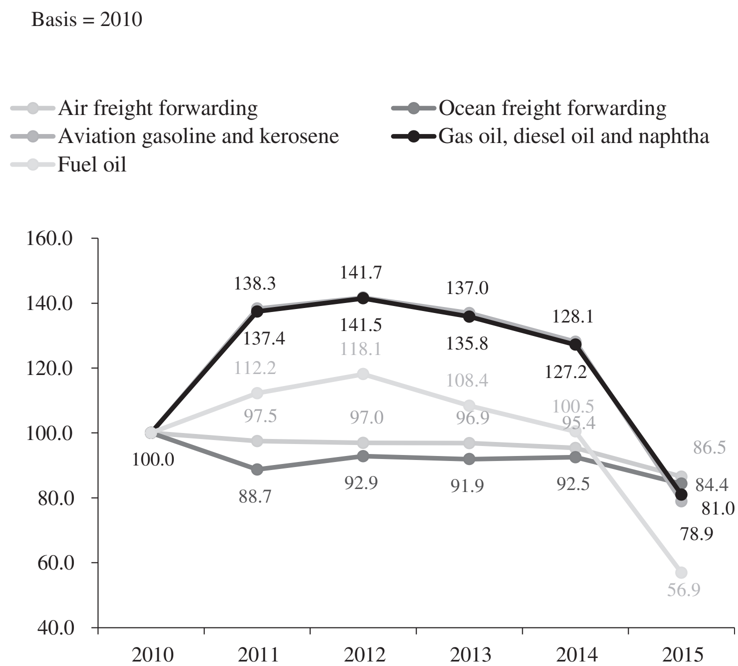
Price indices of air freight forwarding and ocean freight forwarding demonstrated a downward trend from 2010 to 2015. With the index of 2010 as the basis, the index gradually dropped from approximately 97.5 in 2011 to approximately 95.4 in 2014 for air freight forwarding. The price of freight forwarding fluctuated significantly with a drop to approximately 88.7 in 2011 and a rebound to approximately 92.9 in 2012. In 2015, both indices indicated a significant decrease from approximately 95.4 to approximately 86.5 for air freight forwarding and from approximately 92.5 to approximately 84.4 for ocean freight forwarding, primarily due to the relatively weak market performance, stiff price competition among both carriers and forwarders and the significant decrease in fuel prices.

The unit value of aviation gasoline and kerosene dropped from approximately HK$5.7 per litre to approximately HK$3.5 per litre. Likewise, the unit value of gas oil, diesel oil and naphtha decreased by approximately 36%, while that of fuel oil by approximately 43%.

Based on the assumptions of the stabilisation of monetary policies, the gradual recovery of world economy, and the successful implementation of supportive policies such as the PRC's 13th Five-Year Plan and the Guideline on Promoting Cooperation within the Pan-Pearl-River Delta Region (國務院關於深化泛珠三角區域合作的指導意見), Hong Kong's imports and exports of merchandise trade are expected to gradually rebound. Meanwhile, the supply and demand of crude oil are expected to stimulate gradual recovery in fuel prices. Furthermore, Hong Kong's freight forwarding industry is undergoing the process of market consolidation whereby shakeouts of less competitive players are expected. These competitors are relatively small in scale and less sophisticated in service offerings. On such basis, air and ocean freight forwarding services markets are also expected to gradually rebound, and the price indices are likely to maintain at a relatively stable level in short term from six months to one year and then gradually rebound.

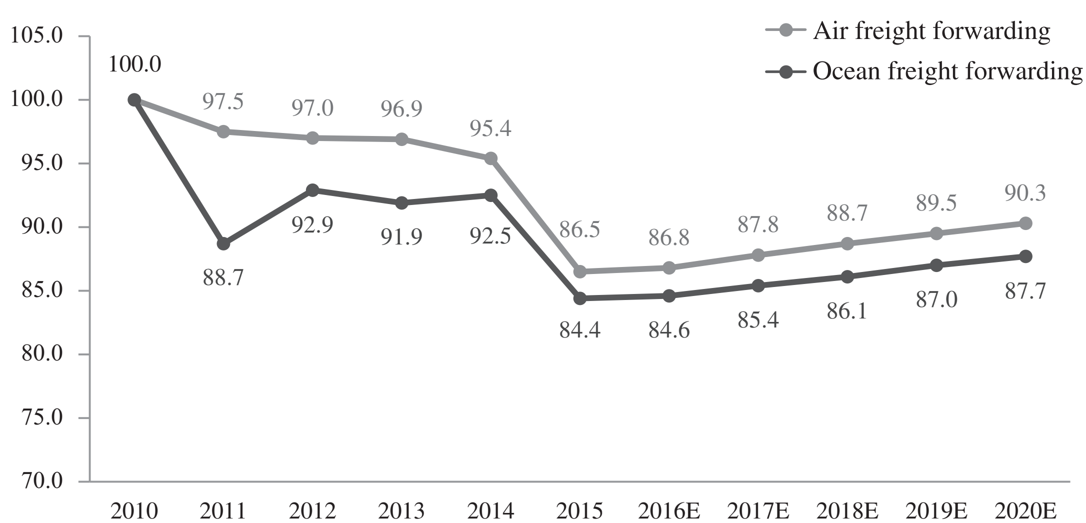
As set out in paragraph headed "Overview of Hong Kong's air and ocean freight forwarding markets" in this section, there are primarily two tiers of players competing in Hong Kong's air and ocean freight forwarding markets. While Tier 1 players are generally global leading mega logistics groups with widespread worldwide logistics network and business coverage, Tier 2 players are generally local and regional players with networks covering certain focused logistics locations and categories of goods. These two tiers differ significantly in terms of financial and operational scale. Meanwhile, their key customer groups are also different in general, whereby Tier 2 players primarily serve small- and medium-sized customers. According to the F&S Report, compared with our peers in Tier 2, we are a leading player (ranking 5th among Tier 2 players in terms of revenue generated in 2015 and representing 0.3% market share within Tier 2) in terms of scale and sophistication level of service offerings. As such, during the consolidation process of the industry, we are considered by the F&S Report to be one of the stronger players with opportunities for merger and acquisition in Tier 2.

Price indices of air freight forwarding and ocean freight forwarding correlated with fuel prices (Hong Kong), 2010–2015



Sources: Census and Statistics Department of Hong Kong and F&S Report

Price indices of air freight forwarding and ocean freight forwarding (Hong Kong), 2010–2020E



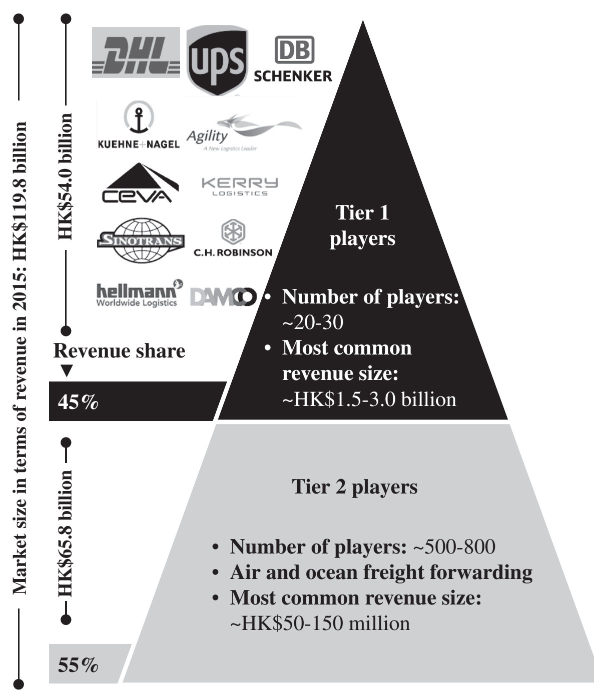
Source: F&S Report

OVERVIEW OF HONG KONG'S AIR AND OCEAN FREIGHT FORWARDING MARKETS

There are primarily two tiers of players competing in Hong Kong's air and ocean freight forwarding markets. Tier 1 players are generally global leading logistics groups with widespread worldwide logistics network and business coverage. There are approximately 20 to 30 players in Tier 1 with most players having a revenue size ranging from approximately HK$1.5 billion to HK$3.0 billion. In addition, Tier 1 players are usually featured with a high level of vertical and horizontal integration whereby they generally serve as air and marine carriers as well, with in-house international freight transportation capability and capacity.

Tier 2 players are generally local and regional players with networks covering certain focused logistics locations and categories of goods. They possess relatively less diversified service portfolios with freight forwarding as a key revenue source. Nevertheless, leading Tier 2 players are becoming more capable of offering a wide range of transportation and logistics services to the customers and serve as integrated logistics solution providers, while small- and medium-sized players still centre on freight forwarding and basic value-adding services. There are approximately 500 to 800 Tier 2 players in Hong Kong's air and ocean freight forwarding markets, with most players having a revenue size ranging from approximately HK$50 million to HK$150 million.

In 2015, Tier 1 players together accounted for approximately 45% of the revenue share, which amounted to HK$54.0 billion. Meanwhile, Tier 2 accounted for approximately 55% and HK$65.8 billion.



Source: F&S Report

Competitive landscape of Hong Kong Tier 2 air and ocean freight forwarding services market

In 2015, the total revenue of Tier 2 players' air and ocean freight forwarding services reached HK$65.8 billion. The market is highly fragmented with the top five players jointly possessing only 4.6% of the market share.

Company A and Company B ranked 1st and 2nd with revenue of approximately HK$1,118 million and HK$790 million, respectively, followed by Company C and Company D with revenue of approximately HK$526 million and HK$395 million, respectively. Our Group ranked 5th with revenue of approximately HK$187 million and a market share of approximately 0.3% in the Tier 2 air and ocean freight forwarding services market.

	Air and ocean freight forwarding revenue of Tier 2 players, 2015	**Market Share**
	(HK$ million)	*(%)*
Top five Tier 2 players		
Company A	1,118	1.7
Company B	790	1.2
Company C	526	0.8
Company D	395	0.6
Our Group	187	0.3
Subtotal:	3,016	4.6
Others	62,784	95.4
Total:	65,800	100.0

Source: F&S Report

Future opportunities of Hong Kong's freight forwarding services market

(a) **Further opening-up of the Chinese economy and development of external merchandise trade:** based on the formulation and implementation of the PRC's 13th Five-Year Plan, the PRC government will continue to promote the "One Belt, One Road" (一帶一路) initiative through cooperation with countries and regions along the route, and participate in global industrial and equipment manufacturing cooperation. This is expected to support the growth in the PRC's external merchandise trade and benefit the development of port markets of The Association of Southeast Asian Nations, the Middle East and African countries. Such prospect is expected to bestow Hong Kong's freight forwarding services market with opportunities for development, as Hong Kong serves a crucial role as a logistics hub and freight forwarding services constitute a key segment.

(b) **Southeast and South Asia's rising importance in global manufacturing industry:** trade activity is expected to continue to increase in Southeast and South Asia, which is fast emerging as a region with the potential to become another global manufacturing hub. Hong Kong's freight forwarding services market is likely to benefit from this development for its location advantage as well as its high level of sophistication and maturity as a logistics hub, especially compared with logistics markets in other developing Asian markets.

(c) **Market consolidation:** currently, the Hong Kong freight forwarding market is still highly fragmented with hundreds of players, a large proportion of which are small- and medium-sized players. As the industry steps into its mature stage of development, market consolidation is expected to continue, and this provides relatively strong players with opportunities for merger and acquisition. These players are likely to be able to further enhance their competitiveness based on the integration of strengths and a forward step in the realisation of scale economies.

(d) **Information technology development and enhancement in efficiency:** information technology development is enabling a revolution in terms of efficiency and business model in Hong Kong's freight forwarding services market. Market participants with competitive edge in this aspect possess opportunities for outperforming and strengthened development.

Key success factors and entry barriers of Hong Kong's freight forwarding services market

(a) **Reputation:** similar to logistics services in general, Hong Kong's freight forwarding services market is highly fragmented with hundreds of players, and reputation and track record serve as important factors that affect customers' choice over freight forwarders. Meanwhile, for the purpose of high efficiency and low risk, customers generally prefer establishing long-term cooperation with forwarders who have provided them with satisfying services and experience. Thus solid reputation is both a source of sustainable competitive advantage and a major barrier for new entrants.

(b) **Network and scale of operations:** price is another key factor customers generally consider when choosing freight forwarders, and a forwarder's cost and pricing is largely affected by its network and scale of operations. For instance, based on their scale of operations, well-established freight forwarders usually have strong cooperative relationship with freight carriers, such as airline companies and shipping companies. This enables these forwarders to negotiate for preferable prices from the carriers, and such prices could then convert into cost advantage for them.

(c) **Flexibility and operational experience:** the downstream market for the demand of freight forwarding services in Hong Kong is highly fragmented, from various industries and an uncountable number of customers. This stimulated the development of Tier 2 players in the market, as they are relatively smaller in size and more able to cater to small- and medium-sized customers with a high level of flexibility. Tier 1 players in Hong Kong's freight forwarding market are generally global leading mega logistics groups with widespread worldwide logistics network and business coverage. These players indeed possess high level proficiency and strong brand awareness. Nevertheless, they usually prefer large orders for management and cost efficiency, and they are less flexible for handling order-based customisation. For new entrants, it is extremely challenging for them to penetrate Tier 1, as for the exceptionally high requirements for scale and proficiency. To penetrate as a Tier 2 player, flexibility and operational experience are considered to be crucial, because in this relatively mature market, customers, a large number of which are small and medium in size, requires effective customisation in handling comparatively small orders.

(d) **Integration and capability in providing value-added services:** along with the development of Hong Kong's freight forwarding services market and fierce competition, the level of integration and relevant capability in providing value-added services is increasingly important as a selection criterion for logistics customers. In response to the evolving market needs and preferences, leading players in Hong Kong's freight forwarding services market are integrating their resources and becoming more capable of offering a wide range of transportation and logistics services to the customers. Typically, value-adding services including tracking and tracing, warehousing, customs brokerage and document handling. Furthermore, players with stronger resources are able to diversify into other logistics services market, and serve as integrated logistics services providers for customers. Small- and medium-sized forwarders providing less value-adding services are expected to become increasingly disadvantaged. Likewise, new entrants without capability of such integration are likely to face challenges for surviving.

(e) **Capital Support:** generally, freight forwarders are required to provide bank guarantees or cash deposits in favour of airlines and shipping liners to secure the purchase of cargo space. Thus for new entrants without strong capital support, it creates challenges for continuous operations because of the possible cash flow issues.

Threats and challenges of Hong Kong's freight forwarding services market

(a) **Slowdown in world economy:** based on the roles served by Hong Kong freight forwarders in the logistics value chain, the demand for their services is highly relevant to intra-Asia merchandise trade and trade on the East-West route, and this market is challenged by the slowdown in world economy, representatively the slow rebound of North American economies and the gradually stabilising pace of growth for Southeast and South Asian economies.

(b) **Price competition and market chaos:** currently, Hong Kong's freight forwarding market is still fragmented with a large number of small- and medium-sized players. Their service portfolios are relatively less diversified and the level of differentiation is limited, thus price competition is relatively significant among these players. This is considered to be a major challenge and threats as for the possible outcomes of market chaos and collapse of price system.

(c) **Financial reform in the PRC and possible further fluctuations in exchange rates:** another challenge and threat comes from the dynamics in monetary policies which greatly impact on international trade. The PRC government is now conducting a series of actions and reforms to modify its financial system, including its exchange rate system. The PRC government has been trying to establish a market-driven exchange rate system in the PRC. With the slowdown of the PRC's economic growth and increasingly market-driven exchange rate system, the fluctuation of RMB is also likely to increase in the coming years.

CAPACITY STATUS OF FREIGHT FORWARDING INDUSTRY

The freight forwarding industry in Hong Kong is considered to be under-capacity. Freight forwarders obtain cargo space from airlines and shipping liners, and Hong Kong port and international airport are considered to be under-capacity in terms of cargo handling.

According to the "Strategic Development Plan for Hong Kong Port 2030 (HKP2030)" released by BMT Asia Pacific in 2014 on behalf of the Hong Kong Government, the current infrastructure of Hong Kong is able to cope with a projected future increase in throughput up to 2030, which is expected to reach HK$31.5 million TEUs in 2030. Instead of constructing a new container terminal, it is necessary and more cost-efficient to enhance the handling capacity of the existing container terminals and related infrastructural facilities. Regarding Hong Kong International Airport, its cargo throughput is around 4.4 million tonnes in 2015, which is well-absorbed by the current facilities. In terms of expected future growth in air cargo throughput, the ongoing midfield expansion plan of the airport is expected to upgrade its cargo handling capacity to around 6.0 million tonnes. Overall, the upstream cargo space supply is expected to be sufficient for the development of Hong Kong's freight forwarding industry.

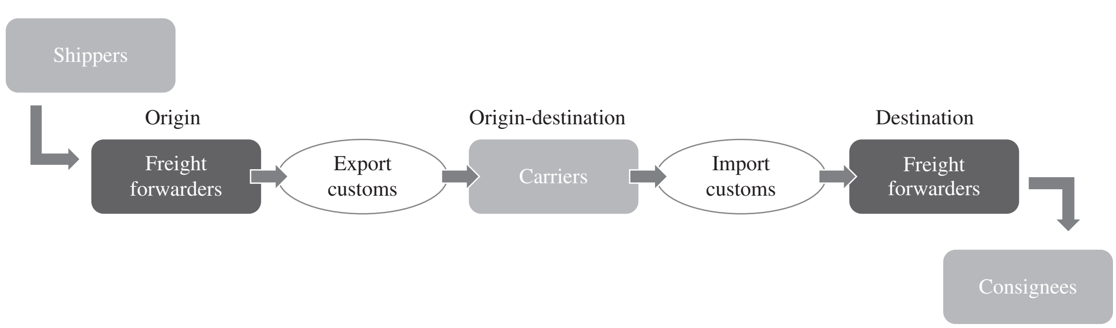
HONG KONG INTEGRATED LOGISTICS SERVICES MARKET

Overview of Hong Kong's integrated logistics services market

Integrated logistics services refer to the process of planning, implementing and controlling the movement and storage of goods (including raw materials, goods in progress and finished goods) from the point of origin to the point of consumption. Major activities include freight transport, freight forwarding, storage, postal and courier services.

In Hong Kong's integrated logistics services market, service providers who are capable of integrating different modules of services and playing multi-fold roles in the value chain are becoming increasingly competitive and preferred.

The business model is asset-light. Serving as value-added service providers and middlemen between carriers and customers, freight forwarders utilise capacity of carriers such as airlines and shipping liners to their customers after consolidation of customers' booking requests. Leading players in the market are now more capable of offering a wide range of transportation and logistics services to the customers and serve as integrated logistics solution providers such as tracking and tracing, warehousing, customs brokerage and document handling services.



Source: F&S Report

Key milestones of Hong Kong's integrated logistics services market

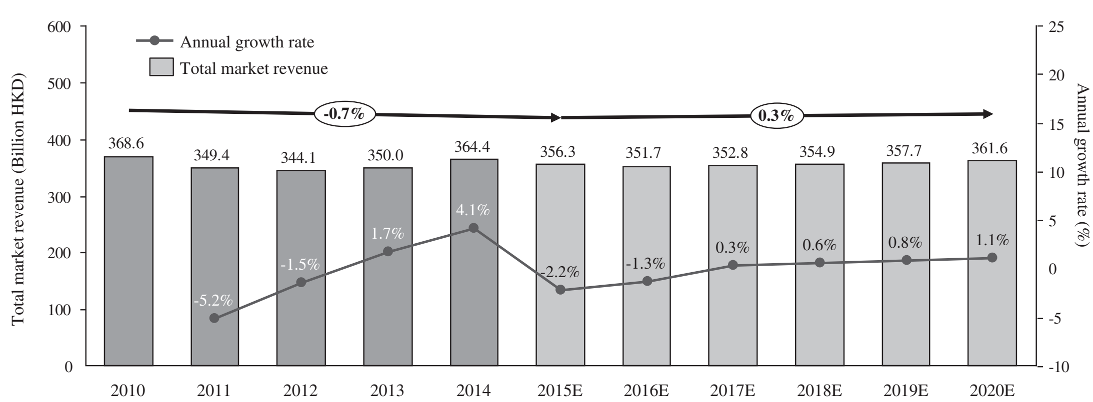
In 1997, Hong Kong returned to the PRC, with strengthened cooperative development scheme with mainland and stimulated growth of its logistics sector. 2001 was a crucial year for the development of this market. In 2001, the PRC joined the World Trade Organization, reinforcing Hong Kong's position as a logistics centre for both outbound and inbound cargo handling. Meanwhile, in the same year, Hong Kong Logistics Development Council was established to further support the development of the Hong Kong integrated logistics services market. Closer Economic Partnership Arrangement (內地與香港關於建立更緊密經貿關係的安排) was signed between Hong Kong and the PRC in 2003 to strengthen trade and investment cooperation. Other major policies include the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" issued in 2015, which provides Hong Kong with opportunities to take the advantages as an international transportation and logistics centre, as well as the Guideline on Promoting Cooperation within the Pan-Pearl-River Delta Region, which is expected to further support the development of Hong Kong's integrated logistics services market.

Market size and forecast of Hong Kong's integrated logistics services market

Hong Kong, based on its strategic location, has long been serving as a premier logistics hub in Asia Pacific. Integrated logistics services industry in Hong Kong developed early and reached a relatively mature status with well-established infrastructure and systems. Integrated logistics industry and trading is one of the four pillar industries of Hong Kong together with financial services, professional services and tourism, these are the driving forces of Hong Kong's economic growth for years.

From 2010 to 2015, the total revenue of Hong Kong's integrated logistics service providers maintained at a relatively stable level and such trend is expected to uphold for the forecast period. Key influencing factors include dynamics of world economy and monetary policy change of other countries which impact on international trade.

Market size and forecast of integrated logistics services market (Hong Kong), 2010-2020E



Sources: Census and Statistics Department of Hong Kong and F&S Report

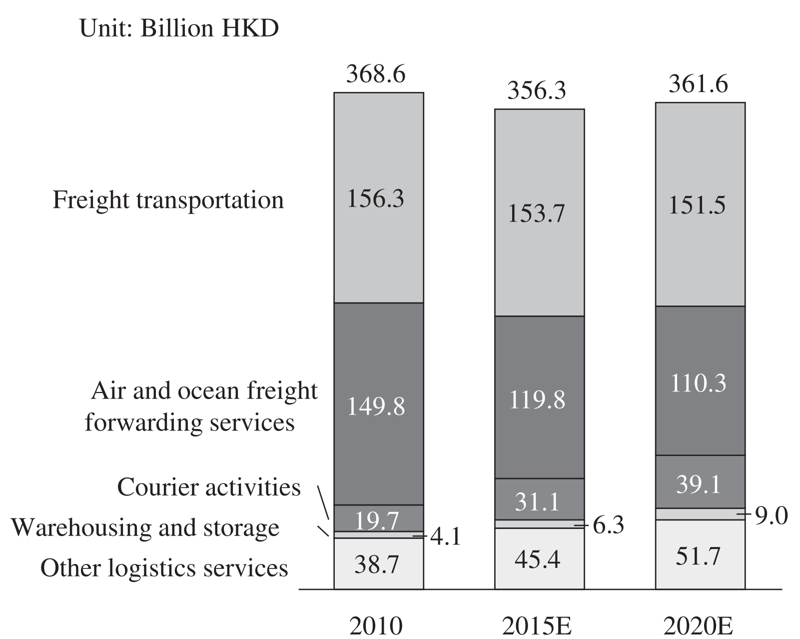
Hong Kong's integrated logistics services market can be segmented based on major industry grouping, with key groups being air and sea cargo forwarding services, freight transportation, courier activities, warehousing and storage, and other logistics services, which typically include mid-stream operation and container back-up activities, service activities incidental to freight transportations, packing and crating services, cargo inspection, sampling and weighing services, and others.

Freight transportation refers to the primary business activities of carriers, including freight transport by road, by tractors, by air and marine carriers, and inland freight water transport. They constitute the largest segment and is expected to uphold such status. In 2015, total segment revenue of air and ocean freight forwarding services reached approximately HK$119.8 billion, serving as a key contributor to the overall industry.

Started from and centred on freight forwarding, forwarders have been responding to the market's needs by providing more value-added services. Leading players are becoming more capable of offering a wide range of transportation and logistics services to the customers and serve as integrated logistics solution providers.

Demand for air and ocean freight is primarily affected by the dynamics of international trade and Hong Kong's position as a logistics hub. Thus key influencing factors include global economy, the competition from other major ports in Asia, manufacturing relocation activities, and monetary policies of trading partners.

Segmentation of integrated logistics services market (Hong Kong), 2010, 2015E and 2020E



Sources: Census and Statistics Department of Hong Kong and F&S Report

Major market drivers of Hong Kong's integrated logistics services market

(a) **Implementation of the PRC's 13th Five-Year Plan:** the outline of the 13th Five-Year Plan for the National Economic and Social Development of the PRC (the 13th Five-Year Plan) was promulgated officially on 17 March 2016. A chapter is dedicated to Hong Kong and Macau, which acknowledges the significant functions and positioning of Hong Kong in the overall development of the country, as well as the scope and opportunities for development in a number of key areas. The dedicated chapter signifies the strong support of the PRC government for maintaining the long-term prosperity and stability of Hong Kong and expresses support for Hong Kong and Macau by enhancing economic competitiveness, including supporting Hong Kong in consolidating and enhancing its status as international financial, transportation and trade centres, strengthening its status as a global offshore RMB business hub and an international asset management centre, and promoting financial services towards high-end and high value-added developments. The dedicated chapter also emphasises on deepening co-operation between the PRC and Hong Kong/Macau, supporting Hong Kong in participating in the country's two-way opening up and in the "One Belt One Road" (一帶一路) initiative. In addition to the dedicated chapter, the 13th Five-Year Plan strongly supports the development of logistics and e-commerce sectors, and Hong Kong logistics market is expected to benefit from the opportunities bundled within. The key focuses of the plan include pushing ahead the strategic development of the "One Belt One Road" initiative, infrastructure enhancements, the promotion of technological innovations, and the facilitation of new industries. "One Belt One Road" refers to the silk road economic belt, which is an important benchmark in the PRC's overseas development. The project is expected to bring about closer ties between countries and regions along the routes, fostering economic cooperation and development. Hong Kong plays a key role in the plan based on its location advantage and its well-established infrastructure and system. Logistics companies in Hong Kong are able to take tremendous opportunities in deepening cooperation with enterprises along the routes and being early movers to build relationships with local businesses and extend their networks in the region to further strengthen their roles in the development plan. Overall, the 13th Five-Year Plan is expected to have a significant impact on the PRC's economic development. The plan clearly states that the PRC will deepen the cooperation between the PRC and Hong Kong, and support Hong Kong in consolidating its position as an international financial, logistics, and trade centre. These strategic imperatives of the PRC government for the 13th Five-Year Plan are expected to benefit Hong Kong's logistics industry.

(b) **Continual development of emerging economies and manufacturing relocation to Southeast and South Asia:** the prospect of the integrated logistics services market in Hong Kong is closely related to international trade and regional economic development. With its role being one of Asia's logistics hub, Hong Kong's integrated logistics services market is expected to be driven by the continual development of Asian emerging economies. Meanwhile, Southeast and South Asia has been growing in importance as a light industry manufacturing base globally. In light of this, Hong Kong's integrated logistics services market is expected find a variety of opportunities serving as a logistics hub, because Hong Kong possesses both location advantage as well as well-established logistics infrastructure and system.

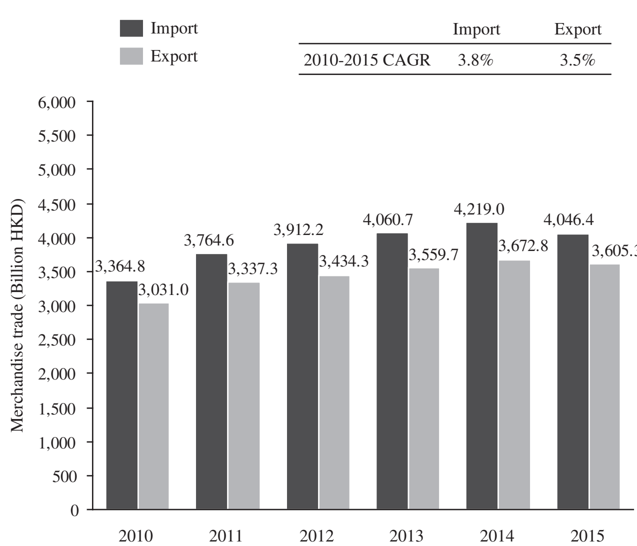
(c) **Growth of E-commerce in the PRC, Hong Kong and worldwide:** the flourishing E-commerce market is also likely to be a key driver. Hong Kong is expected to become the logistics hub for cross-border transactions where PRC online buyers shop for the latest foreign goods and foreign online consumers search for PRC products. Meanwhile, the popularity for E-commerce in Hong Kong local market is also likely to observe strong growth, driving the demand for courier services. Furthermore, the growing diversity of online shopping is expected to stimulate the demand for other value-added logistics services, such as cold chain, categorisation and repackaging.

Status of Hong Kong's imports and exports of merchandise trade

With the recovery from the 2008 global financial crisis, the total trade value of imports and exports of merchandise trade of Hong Kong has been steadily growing at a CAGR of approximately 3.8% and 3.5% respectively from 2010 to 2015.

Despite Hong Kong's imports and exports merchandise trade value has slightly declined in 2015, the gradual recovery of world economy and the implementation of supportive policies such as the PRC's 13th Five-Year Plan and the Guideline on Promoting Cooperation within the Pan-Pearl-River Delta Region, Hong Kong's imports and exports of merchandise trade are expected to rebound at a relatively mild pace with an estimated CAGR of approximately 2% from 2015 to 2020.

Imports and exports of merchandise trade (Hong Kong), 2010-2015

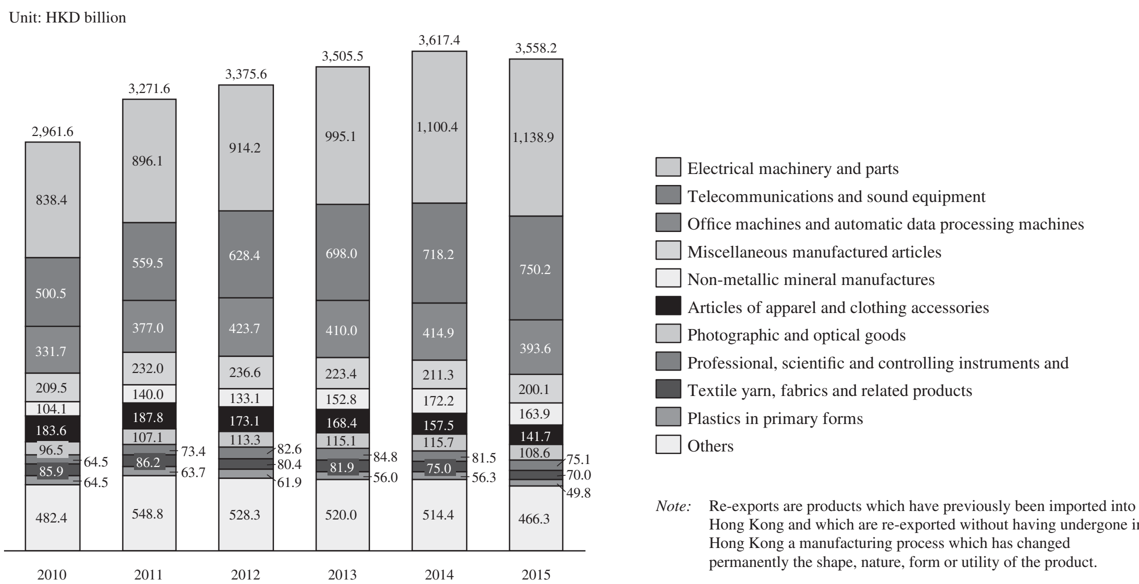


Source: Census and Statistics Department of Hong Kong

Hong Kong's imports and exports of ten principal commodity divisions

Hong Kong's exports of merchandise trade are primarily constituted of re-exports, which accounted for approximately 87.6% of total exports.

Re-exports of ten principal commodity divisions (Hong Kong), 2010-2015



Note: Re-exports are products which have previously been imported into Hong Kong and which are re-exported without having undergone in Hong Kong a manufacturing process which has changed permanently the shape, nature, form or utility of the product.

Source: Census and Statistics Department of Hong Kong

Key success factors and entry barriers of Hong Kong's integrated logistics services market

(a) **Reputation:** reputation and track record are important factors that affect customers' choice over logistics partners. Customers generally prefer better recognised service providers with strong track record for delivery insurance and risk mitigation. Meanwhile, leading integrated logistics service providers usually have established steady and long-term relationship with major customers. As solid reputation is based on years of accumulation, it acts as a major barrier for new entrants.

(b) **Network:** strong network along the value chain also acts as a key success factor for leading players and a major obstacle to new entrants, as it has a great impact on integrated logistics service providers' business operations as well as cost and pricing. For instance, well-established players usually have strong relationship with airlines and shipping liners, enabling them to have better bargaining power to negotiate for lower prices which then convert into cost advantage for integrated logistics service providers.

(c) **Capital support:** new entrants of Hong Kong's integrated logistics services market require a high level of initial and operating investment. In Hong Kong, there is a shortage in land for logistics use. The land is concentrated in the hands of a few property developers, which generally lease space in short-term contracts. Thus, the lessees bear the risk of substantial rent increment every time when they renew the tenancy agreements. Without sufficient capital support, the accommodation for land, equipment, staff hiring, system management and continuous operation could pose great challenge to new entrants.

(d) **Operational experience and management capability:** with a fierce competition in the market, operational experiences and management capability are the key success factor for strong incumbents. The effectiveness and efficiency of deliveries are major selection criteria for customers of integrated logistics services, and they are more comfortable with an experienced team with a professional system. Furthermore, an experienced management team could better amend their business model and cope with the dynamics of Hong Kong's integrated logistics services market. New entrants who are vulnerable to such aspect are hence disadvantageous in the competition.

Future outlook of Hong Kong's integrated logistics services market

(a) **Increasing level of integration for logistics service providers:** the provision of one-stop solution is considered to be a key trend of Hong Kong's integrated logistics services market. Strong players have started to integrate different roles which enable them to provide more value-added services and increase their involvement along the value chain. Ultimately, they can serve as supply chain managers for customers. From a demand-side point of view, such one-stop solution helps enhance logistics customers' efficiency and cost effectiveness. Meanwhile, from a supply-side point of view, solution providers are able to increase their bargaining power and profitability and become increasingly competitive in the market.

(b) **Increasing E-commerce and demand for value-added logistics services:** the development of cross-border e-commerce platforms and related logistics services is expected to be a key trend for Hong Kong's integrated logistics services market. Hong Kong is expected to become the logistics hub for cross-border transactions where PRC online buyers shop for the latest foreign goods and foreign online consumers search for PRC products. Meanwhile, the popularity for E-commerce in Hong Kong domestic market is likely to observe strong growth, driving the demand for courier services. Furthermore, the growing diversity of online shopping is expected to stimulate the demand for other value-added logistics services, such as cold chain, categorisation and repackaging.

Opportunities and challenges of Hong Kong's integrated logistics services market

Opportunities

(a) **Development of export-oriented manufacturing in Southeast and South Asia:** Southeast and South Asia has been growing in importance as a light industry manufacturing base globally. In light of this, Hong Kong's integrated logistics services market is expected to find a variety of opportunities serving as a logistics hub, since Hong Kong possesses both location advantage as well as well-established logistics infrastructure and system.

(b) **The PRC's 13th Five-Year Plan:** the PRC's 13th Five-Year Plan is favourable to the development of the PRC logistics and e-commerce sectors. The initiative of 'One Belt, One Road' is expected to create fundamental changes and unveil business opportunities of unprecedented scale to various sectors in Hong Kong, including the logistics sector.

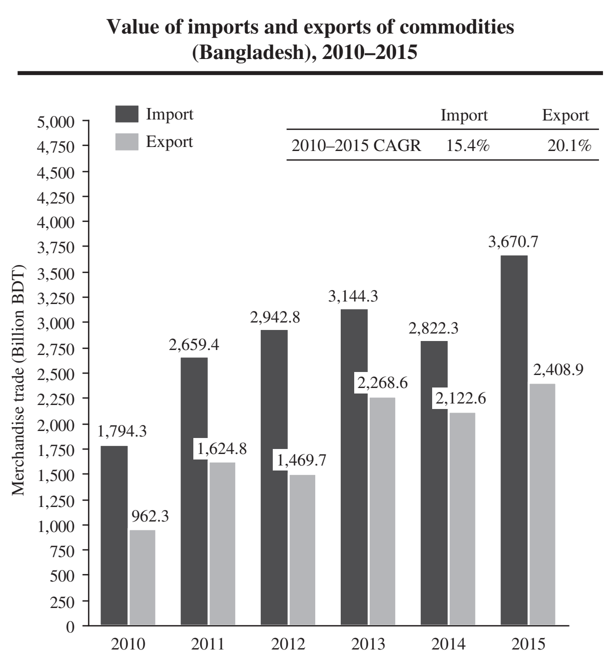
Challenges

(a) **Land and labour shortage:** in terms of land for logistics use, such as warehousing, Hong Kong is currently under shortage. Meanwhile, Hong Kong's land policy prioritises commercial and residential properties. These factors together pose challenge to the development of integrated logistics services market. At the meantime, the shortage in young workers and high labour costs poses another threat to the development of this industry.

(b) **Intensifying competition from other logistics hubs in Asia:** the development of other logistics hubs in Asia is another challenge to Hong Kong's integrated logistics services market. Direct competition comes from Shenzhen, the PRC, which shares the same cargo catchment area in the Pearl River Delta region. The competition also comes from Singapore, which shares the same positioning as the regional hub for intra-Asia trade and as a logistics centre.

(c) **Slowdown of global economy:** Hong Kong plays a critical role in global trade and logistics due to its strategic location on the East-West trade route, and its world class system and infrastructure. Thus, the prospect and development of Hong Kong's logistics market is correlated to the dynamics in world economy. Many of the advanced economies have still not been able to embark on a sustainable path of recovery since the global financial crisis, which is another key challenge to the industry.

BANGLADESH'S TOTAL IMPORTS AND EXPORTS OF MERCHANDISE TRADE



Source: Bangladesh Bureau of Statistics

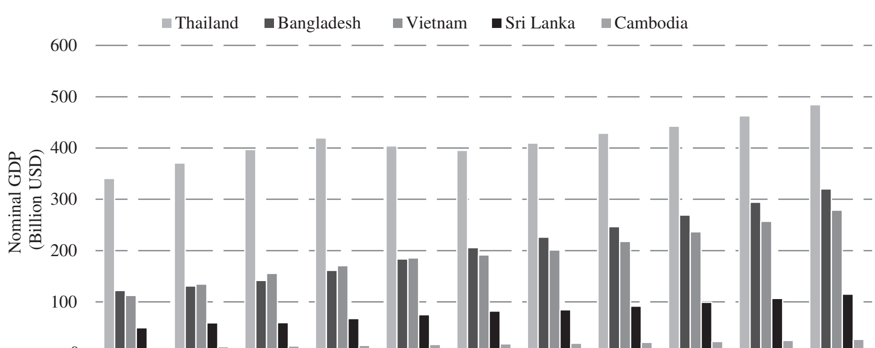
Southeast and South Asia have been growing in importance as a light industry manufacturing base globally. As part of the emerging and developing Asian economy, total value of imports and exports of commodities of Bangladesh has been continuously increasing. From 2010 to 2015, both the values of imports and exports of commodities more than doubled. The total value of commodities imported into Bangladesh grew from BDT1,794.3 billion to BDT3,670.7 billion, representing a 15.4% CAGR.

Regarding exports of commodities, the value has been growing steadily with products such as jute, seafood and garments being increasingly exported to various countries. From 2010 to 2015, total value of commodities exported from Bangladesh realised a CAGR of 20.1%, grew from BDT962.3 billion to BDT2,408.9 billion. Currently Bangladesh's main export items are garments, jute and jute-related goods, leather, frozen fish and seafood. Besides these Bangladesh exports, the country is also engaged in the production of rice, tea, sugar wheat, ship scrap metal, textiles, fertiliser, pharmaceuticals, ceramic tableware and newsprint.

For the forecast period, Bangladesh economy is expected to continue to grow at part of the Southeast and South Asia emerging economy, and the total value of imports and exports of commodities are likely to continue to grow at double digits. From 2015 to 2020, the CAGR for imports and exports are forecasted to be around 10% to 15% and 15% to 20%, respectively.

NOMINAL GDP OF SELECTED ASIAN COUNTRIES

Nominal GDP comparison (Selected Asian countries), 2010–2020E



	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E	CAGR 2010–2015	CAGR 2015–2020
Thailand	340.9	370.6	397.3	419.9	404.3	395.3	409.7	428.8	442.8	462.8	484.6	3.0%	4.2%
Bangladesh	122.0	131.1	141.7	161.3	183.8	205.7	226.3	246.7	269.5	294.2	320.2	11.0%	9.3%
Vietnam	112.8	134.6	155.6	170.6	185.9	191.5	201.4	217.8	236.7	257.2	279.0	11.2%	7.8%
Sri Lanka	49.6	59.2	59.4	67.3	75.0	82.1	84.8	91.9	99.2	106.8	115.0	10.6%	7.0%
Cambodia	11.2	12.8	14.1	15.2	16.8	18.2	19.5	21.0	22.8	24.8	26.9	10.1%	8.2%

Source: International Monetary Fund

DIRECTORS' CONFIRMATION

Our Directors have confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the F&S Report which may qualify, contradict or have an impact on the information in this section.

This section sets out a summary of certain aspects of the Hong Kong laws and regulations which are relevant to our Group's operations and business. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to our Group.

Aviation Security Ordinance

The Aviation Security Ordinance (Chapter 494 of the Laws of Hong Kong) is an ordinance to make provisions for the prevention and suppression of acts of violence against civil air transport and for connected purposes and constitute the comprehensive legislation for implementation of the conventions and agreements on aviation security promulgated by the International Civil Aviation Organisation (the "**ICAO**"). To safeguard aircraft against acts of unlawful interference, the ICAO has laid down standards and recommended practice in Annex 17 to the Convention on International Civil Aviation (the "**CICA**") on the security measures required to be implemented by contracting states. For the security of air cargo to be in line with Annex 17 to the CICA, the Hong Kong Aviation Security Programme, which is enforceable under the Aviation Security Ordinance, has incorporated the Regulated Agent Regime (the "**RAR**") since March 2000. A cargo handling agent, a freight forwarder or a consignor of air cargo can apply for registration as a regulated agent ("**RA**") who is required to comply with the requirements in respect of an RA in the Hong Kong Aviation Security Programme in order to prevent the unauthorised carriage of explosives and incendiary devices in the consignments of cargo intended for carriage by air.

Under the RAR, an RA is obliged, among other obligations, to ensure that the appropriate security controls acceptable by the Civil Aviation Department are properly implemented upon the acceptance of cargo for carriage by air unless the consignment is from a known consignor recognised by an RA and to ensure that a consignment of cargo is safeguarded against unauthorised interference after its reception and to make best endeavours to protect it from unauthorised interference until the consignment is accepted by another RA or an airline.

An RA shall also ensure that a consignment of cargo accepted from a known consignor or another RA is:

(a) accompanied by a full description of the contents in the shipping documents (e.g. airway bills, cargo manifests or shipper's instructions), that the RA's registration code or the known consignor's code on the shipping documents of the consignment is checked;

(b) checked against the description in the shipping documents in respect of the quantity of cargo tendered and any sign of the package having been tampered with;

(c) declared as known cargo by checking the annotation of the tendering RA's registration code or otherwise stated as unknown cargo on shipping documents in inter-RA's handling; and

(d) safeguarded from unauthorised interference after it has been received until accepted by the next RA or an airline, or until loaded on to an aircraft.

RAs shall also maintain an orderly documentation and record system. Documents such as airway bills, cargo manifests and relevant instructions from consignors should be kept for at least 31 days after the consignment is flown.

As at the Latest Practicable Date, Transpeed Hong Kong and Janco Global Logistics were registered as RAs.

Factories and Industrial Undertakings Ordinance

Under the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the "**FIUO**"), an "industrial undertaking" includes but not limited to the loading, unloading, or handling of goods or cargo at any dock, quay, wharf, warehouse or airport, and a "proprietor" in relation to any industrial undertaking includes the person for the time being having the management or control of the business carried on in, inter alia, such industrial undertaking.

Under section 6A of the FIUO, it shall be the duty of every proprietor of an industrial undertaking to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. A proprietor of an industrial undertaking who contravenes such duty commits an offence and is liable to a fine of HK$500,000. In the case of a wilful contravention without reasonable excuse, such proprietor commits an offence and is liable to a fine of HK$500,000 and to imprisonment for six months.

Under the FIUO, there are over 30 sets of subsidiary regulations covering various aspects of hazardous work activities in factories, building and engineering construction sites, catering establishments, cargo and container handling undertakings and other industrial workplaces. The subsidiary regulations prescribe detailed safety and health standards on work situations, plant and machinery, processes and substances.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation

Under section 3 of the Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Chapter 59AG of the Laws of Hong Kong) (the "**FIU(LM)R**"), the responsible person of a loadshifting machine shall ensure that the machine is only operated by a person who has attained the age of 18 years and holds a valid certificate applicable to the type of loadshifting machine to which that machine belongs. Under the FIU(LM)R, loadshifting machines used in industrial undertakings refer to fork-lift trucks.

Under section 8 of the FIU(LM)R, a responsible person who without reasonable excuse contravenes section 3 commits an offence and is liable to a fine at level 5 (currently at HK$50,000).

As at the Latest Practicable Date, our staff responsible for operating the fork-lift trucks held valid certificates.

Motor Vehicles Insurance (Third Party Risks) Ordinance

Section 4(1) of Motor Vehicles Insurance (Third Party Risks) Ordinance (Chapter 272 of the Laws of Hong Kong) (the "**MVI(TPR)O**") provides that it shall not be lawful for any person to use, or to cause or permit any other person to use, a motor vehicle on a road unless there is in force in relation to the user of the vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third party risks as complies with the requirements of the MVI(TPR)O.

Section 4(2) provides that if a person acts in contravention of section 4, he shall be liable to a fine of HK$10,000 and to imprisonment for 12 months, and a person convicted of an offence under section 4 shall (unless the court for special reasons thinks fit to order otherwise) be disqualified from holding or obtaining a licence to drive a motor vehicle for such period as the court may determine being not less than 12 months nor more than three years from the date of conviction.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the "**OSHO**") provides for the safety and health protection to employees in workplace, both industrial and non-industrial.

Under section 6 of the OSHO, every employer must, so far as reasonably practicable, ensure the safety and health at work of all the employer's employees by:

(a) providing and maintaining plant and systems of work that are safe and without risks to health;

(b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant and substances;

(c) providing information, instruction, training and supervision as may be necessary to ensure the safety and health at work of the employees;

(d) as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and

(e) providing or maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for six months.

The Commissioner for Labour may serve an improvement notice on an employer against contravention of the OSHO or the FIUO, or a suspension notice against activity or condition or use of workplace or of any plant or substance located on the workplace which may create an imminent risk of death or serious bodily injury to the employees. Failure to comply with a requirement of an improvement notice or contravenes a suspension notice without reasonable excuse constitutes an offence and the employer is liable on conviction to a fine of HK$200,000 and HK$500,000, respectively, and to imprisonment for 12 months.

Employees' Compensation Ordinance

The Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the ECO, all employers are required to take out insurance policy to cover their liabilities both under the ECO and at common law for injuries at work in respect of all employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ECO.

An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (currently at HK$100,000) and to imprisonment for one year.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "**MWO**") provides for a prescribed minimum hourly wage rate (currently set at HK$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (except those specified under section 7 of the MWO). A provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the "**MPFSO**") provides for, inter alia, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement. Under the MPFSO, the employer and its relevant employee, meaning an employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contributions to the plan at 5% of the relevant employees' relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his contract of employment.

With effect from 1 June 2012, the maximum level of relevant income of a relevant employee was adjusted from HK$20,000 to HK$25,000, and the relevant maximum mandatory contribution was adjusted from HK$1,000 to HK$1,250 accordingly. With effect from 1 June 2014, the maximum level of relevant income of a relevant employee was adjusted from HK$25,000 to HK$30,000, and the relevant maximum mandatory contribution was adjusted from HK$1,250 to HK$1,500 accordingly.

Business Registration Ordinance

Every person (a company or individual) carrying on a business in Hong Kong is required by the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) shall make a business registration application to the Commissioner of Inland Revenue within one month of the commencement of the business for an issuance of a business registration certificate. A valid business registration certificate shall be displayed at the place of business to which such certificate relates. Business registration does not serve to regulate business activities and it is not a licence to trade. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary documents together with the payment of relevant fees. A business registration certificate is renewable every year or every three years (if a business operator elects for issuance of such business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine at level 2 (currently at HK$5,000) and to imprisonment for one year.

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 November 2015. Pursuant to the Reorganisation as more particularly described in the paragraph headed "Reorganisation" in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interests of eight subsidiaries, namely, Janco (BVI), Wasco Global, Sunset Edge, Marine Elite, Transpeed Hong Kong, Janco Logistics (HK), FC Global and Janco Global Logistics.

OUR BUSINESS DEVELOPMENT

Our history can be traced back to 1990 when Mr. Cheng and his business partners, all of whom are independent third parties, used their personal funds to set up JFXL and commenced freight forwarding business in Hong Kong with a focus on ocean freight business in Asia. For details of Mr. Cheng's background and experience, please refer to the paragraph headed "Directors and Senior Management — Directors — Executive Directors" in this prospectus.

With the experience and expertise in serving the freight forwarding industry in Hong Kong, our Group started to provide ancillary logistics services to our direct shipper customers since 2005 by integrating such services into our core freight forwarding services. Over the years, we have grown from a freight forwarding service provider to become a one-stop service provider offering freight forwarding and ancillary logistics services including warehousing, repacking, labelling, palletising and local delivery within Hong Kong, with a strategic focus in Asia.

In 2015, we further expanded our freight forwarding business by entering into a GSA agreement with a regional airline based in Thailand for a term of five years, under which we act as its GSA in Hong Kong for sale of its air cargo space.

As part of the Reorganisation, JFXL transferred all of its freight forwarding business in Hong Kong and the related assets and liabilities to Janco Global Logistics on 30 June 2015. For details of the Business Transfer, please refer to the paragraph headed "Reorganisation" in this section.

Throughout the years, Mr. Cheng also developed the freight forwarding business in the PRC through his interest in JFX Holding. Following the completion of the Business Transfer, the JFX Group mainly engages in the freight forwarding business in the PRC. As our Group has been positioned to engage in freight forwarding and logistics businesses in Hong Kong, to allow Mr. Cheng to devote more time and efforts to the business of our Group and to delineate the operations of freight forwarding business in Hong Kong and the PRC, Mr. Cheng decided to dispose of JFX Holding to an independent third party. For details, please refer to the paragraph headed "Disposal of JFX Holding" in this section.

The key milestones in our Group's development to date are set out below:

Year	Events
1990	We commenced our freight forwarding business with a focus on ocean freight business in Asia
2003	JFXL was accredited with a membership of the International Federation of Freight Forwarders Associations
2004	JFXL was accredited with a membership of IATA
2005	Janco Logistics (HK) was incorporated and our Group commenced the provision of ancillary logistics services to our customers in addition to our core freight forwarding business
2011	JFXL was awarded the Outstanding Route Performance Award 2011 by Cathay Pacific Cargo and Dragonair Cargo
2012	JFXL was accredited with a membership of WCA
2012	JFXL was awarded the top customer award by Etihad Cargo
2013	We expanded our logistics business by setting up our logistics warehouse in Yau Tong
2013	JFXL was awarded the Top Agent Emerald Award by Hong Kong Airlines Cargo in recognition of its outstanding performance
2015	Transpeed Hong Kong entered into a GSA agreement with a regional airline based in Thailand to act as its GSA in Hong Kong
2015	Janco Global Logistics was incorporated and all our freight forwarding business in Hong Kong was transferred from JFXL to Janco Global Logistics
2015	Janco Global Logistics was accredited with a membership of IATA
2016	Our warehouse in Tsing Yi commenced its operations which enhanced both our freight forwarding services and logistics services because of its vicinity of the Kwai Tsing Container Terminals
2016	Janco Global Logistics was accredited with a membership of WCA

OUR CORPORATE DEVELOPMENT

We set out below a brief corporate history of the establishment and major changes in the shareholdings of our subsidiaries since their respective dates of incorporation:

Janco (BVI)

Janco (BVI) was incorporated in the BVI with limited liability on 5 November 2015. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each. It principally engages in investment holding.

On 5 November 2015, Janco (BVI) allotted and issued one subscriber share with a par value of US$1.0 as fully paid to Mr. Cheng and the entire issued share capital of Janco (BVI) became wholly owned by Mr. Cheng.

On 29 December 2015, Janco (BVI) allotted and issued 99 ordinary shares of US$1.0 each, credited as fully paid, to Mr. Cheng. On the same date, our Company acquired 100 ordinary shares in Janco (BVI) of US$1.0 each from Mr. Cheng. Such transactions were properly and legally completed and settled on the same day and Janco (BVI) then became a wholly-owned subsidiary of our Company.

Wasco Global

Wasco Global was incorporated in the BVI with limited liability on 12 May 2015. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each. It principally engages in investment holding.

On 28 May 2015, Wasco Global allotted and issued 50,000 ordinary shares with a par value of US$1.0 each as fully paid to JFX Holding and the entire issued share capital of Wasco Global became wholly owned by JFX Holding.

On 29 December 2015, JFX Holding transferred 50,000 shares in Wasco Global to Janco (BVI). Such transaction was properly and legally completed and settled on the same day and Wasco Global then became a wholly-owned subsidiary of Janco (BVI).

Sunset Edge

Sunset Edge was incorporated in the BVI with limited liability on 28 April 2015. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each. It principally engages in investment holding.

On 28 May 2015, Sunset Edge allotted and issued 50,000 ordinary shares with a par value of US$1.0 each as fully paid to JFX Holding and the entire issued share capital of Sunset Edge became wholly owned by JFX Holding.

On 29 December 2015, JFX Holding transferred 50,000 shares in Sunset Edge to Janco (BVI). Such transaction was properly and legally completed and settled on the same day and Sunset Edge then became a wholly-owned subsidiary of Janco (BVI).

Marine Elite

Marine Elite was incorporated in the BVI with limited liability on 7 May 2015. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each. It principally engages in investment holding.

On 28 May 2015, Marine Elite allotted and issued 50,000 ordinary shares with a par value of US$1.0 each as fully paid to JFX Holding and the entire issued share capital of Marine Elite became wholly owned by JFX Holding.

On 29 December 2015, JFX Holding transferred 50,000 shares in Marine Elite to Janco (BVI). Such transaction was properly and legally completed and settled on the same day and Marine Elite then became a wholly-owned subsidiary of Janco (BVI).

Transpeed Hong Kong

Transpeed Hong Kong was incorporated in Hong Kong with limited liability on 21 December 2012. It commenced its business in December 2012 and principally engages in the provision of air freight forwarding services.

As at the date of its incorporation, Transpeed Hong Kong had an authorised share capital of HK$10,000 divided into 10,000 ordinary shares with a par value of HK$1.0 each. On 21 December 2012, Transpeed Hong Kong allotted and issued 7,000, 1,500 and 1,500 subscriber shares with a par value of HK$1.0 each at par to JFX Holding and two independent third parties, respectively, and the issued share capital of Transpeed Hong Kong became owned as to 70%, 15% and 15% by JFX Holding and the two independent third parties, respectively.

Pursuant to section 135 of the Companies Ordinance which came into force on 3 March 2014, the shares in Transpeed Hong Kong ceased to have any par value.

On 21 May 2015, JFX Holding acquired 1,500 and 1,500 shares in Transpeed Hong Kong from the two independent third parties for a consideration of HK$1,500 and HK$1,500, respectively. Such transactions were properly and legally completed and settled on the same day. Upon completion of the acquisitions, JFX Holding held 10,000 shares in Transpeed Hong Kong, representing its entire issued share capital.

On 26 December 2015, Wasco Global acquired 10,000 shares in Transpeed Hong Kong from JFX Holding, being the entire issued share capital of Transpeed Hong Kong, for a nominal consideration of HK$1.0. Such transaction was properly and legally completed and settled on the same day and Transpeed Hong Kong became a wholly-owned subsidiary of Wasco Global.

Janco Logistics (HK)

Janco Logistics (HK), formerly known as JF Air Limited for the period from 21 March 2005 to 21 July 2009, was incorporated in Hong Kong with limited liability on 21 March 2005. It commenced its business in March 2005 and principally engages in the provision of warehousing and ancillary logistics services.

As at the date of its incorporation, Janco Logistics (HK) had an authorised share capital of HK$10,000 divided into 10,000 ordinary shares with a par value of HK$1.0 each. On 21 March 2005, Janco Logistics (HK) allotted and issued 4,000 and 6,000 subscriber shares with a par value of HK$1.0 each at par to Mr. Cheng and JFXL, respectively, and the issued share capital of Janco Logistics (HK) became owned as to 40% and 60% by Mr. Cheng and JFXL, respectively.

On 28 June 2007, Janco Logistics (HK) increased its authorised share capital from HK$10,000 to HK$1 million. On the same day, Janco Logistics (HK) allotted and issued 396,000 and 594,000 shares with a par value of HK$1.0 each to Mr. Cheng and JFXL, respectively, and the issued share capital of Janco Logistics (HK) was owned as to 40% and 60% by Mr. Cheng and JFX Holding, respectively.

Pursuant to section 135 of the Companies Ordinance which came into force on 3 March 2014, the shares in Janco Logistics (HK) ceased to have any par value.

On 13 August 2013, JFX Holding acquired 400,000 shares and 600,000 shares in Janco Logistics (HK) from Mr. Cheng and JFXL, respectively, for a consideration of HK$400,000 and HK$600,000, respectively. Such transactions were properly and legally completed and settled on the same day. Upon completion of the acquisitions, JFX Holding held 1,000,000 shares in Janco Logistics (HK), representing its entire issued share capital.

On 26 December 2015, Sunset Edge acquired 1,000,000 shares in Janco Logistics (HK) from JFX Holding, being the entire issued share capital of Janco Logistics (HK), for a nominal consideration of HK$1.0. Such transaction was properly and legally completed and settled on the same day and Janco Logistics (HK) became a wholly-owned subsidiary of Sunset Edge.

FC Global

FC Global was incorporated in Hong Kong with limited liability on 25 February 2016. FC Global was incorporated for the purpose of rental of properties for the operations of our Group and it did not have any business as at the Latest Practicable Date.

On the date of its incorporation, FC Global allotted and issued 10,000 ordinary shares as fully paid to Sunset Edge and the entire issued share capital of FC Global of HK$10,000 became wholly owned by Sunset Edge.

Janco Global Logistics

Janco Global Logistics was incorporated in Hong Kong with limited liability on 23 June 2015. It commenced its business in June 2015 and principally engages in the provision of air and ocean freight forwarding services.

On the date of its incorporation, Janco Global Logistics allotted and issued 10,000 ordinary shares as fully paid to Marine Elite and the entire issued share capital of Janco Global Logistics of HK$10,000 became wholly owned by Marine Elite.

REORGANISATION

Our Group underwent the Reorganisation in the preparation for the Listing. The Reorganisation complies with the relevant laws, rules and regulations. The steps of the Reorganisation are set out below:

Business Transfer

For the purpose of delineating the operations of freight forwarding business in Hong Kong and the PRC, on 29 June 2015, JFXL (which principally engaged in the provision of air and ocean freight forwarding services in Hong Kong and also served as an investment holding company for its wholly-owned PRC subsidiary engaging in the provision of air and ocean freight forwarding services in the PRC) and Janco Global Logistics entered into a memorandum of understanding for transfer of business.

On 15 July 2015, JFXL and Janco Global Logistics entered into a business transfer agreement to record the detailed terms for the Business Transfer. The Business Transfer was completed on 30 June 2015. The total consideration for the Business Transfer was approximately HK$15,377,000, which was determined with reference to the net asset value of the freight forwarding business and the related assets and liabilities based on the statement of financial position of JFXL as at 30 June 2015. Pursuant to a set-off deed dated 15 September 2015 entered into among JFX Holding, JFXL, Marine Elite and Janco Global Logistics, the consideration of approximately HK$15,377,000 for the Business Transfer was transferred to the current account with JFX Holding on 15 September 2015 and the payment of such was waived by JFX Holding on the same date.

Incorporation of Janco (BVI)

On 5 November 2015, Janco (BVI) was incorporated in the BVI with limited liability. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each. On the date of its incorporation, Janco (BVI) allotted and issued one subscriber share with a par value of US$1.0 as fully paid to Mr. Cheng and the entire issued share capital of Janco (BVI) became wholly owned by Mr. Cheng.

Acquisition of Transpeed Hong Kong by Wasco Global and acquisition of Janco Logistics (HK) by Sunset Edge

Immediately before the Reorganisation, JFX Holding legally and beneficially owned 10,000 ordinary shares in Transpeed Hong Kong, representing the entire issued share capital of Transpeed Hong Kong; and JFX Holding legally and beneficially owned 1,000,000 ordinary shares in Janco Logistics (HK), representing the entire issued share capital of Janco Logistics (HK).

On 26 December 2015, JFX Holding (as transferor) and Wasco Global (as transferee) entered into a share transfer agreement, pursuant to which Wasco Global acquired 10,000 ordinary shares in Transpeed Hong Kong from JFX Holding, being the entire issued share capital of Transpeed Hong Kong, for a nominal consideration of HK$1.0.

On 26 December 2015, JFX Holding (as transferor) and Sunset Edge (as transferee) entered into a share transfer agreement, pursuant to which Sunset Edge acquired 1,000,000 ordinary shares in Janco Logistics (HK) from JFX Holding, being the entire issued share capital of Janco Logistics (HK), for a nominal consideration of HK$1.0.

Upon completion of the above transactions, Transpeed Hong Kong became a wholly-owned subsidiary of Wasco Global and Janco Logistics (HK) became a wholly-owned subsidiary of Sunset Edge.

Acquisition of Wasco Global, Sunset Edge and Marine Elite by Janco (BVI)

Immediately before the Reorganisation, JFX Holding legally and beneficially owned 50,000 ordinary shares in Wasco Global, representing the entire issued share capital of Wasco Global; JFX Holding legally and beneficially owned 50,000 ordinary shares in Sunset Edge, representing the entire issued share capital of Sunset Edge; and JFX Holding legally and beneficially owned 50,000 ordinary shares in Marine Elite, representing the entire issued share capital of Marine Elite.

On 29 December 2015, JFX Holding (as transferor) and Janco (BVI) (as transferee) entered into a transfer of shares agreement, pursuant to which,

(a) Janco (BVI) acquired 50,000 ordinary shares in Wasco Global from JFX Holding, being the entire issued share capital of Wasco Global;

(b) Janco (BVI) acquired 50,000 ordinary shares in Sunset Edge from JFX Holding, being the entire issued share capital of Sunset Edge; and

(c) Janco (BVI) acquired 50,000 ordinary shares in Marine Elite from JFX Holding, being the entire issued share capital of Marine Elite.

In consideration of the acquisitions, Janco (BVI) allotted and issued a total of 99 ordinary shares (one ordinary share for the acquisition of Wasco Global, 30 ordinary shares for the acquisition of Sunset Edge and 68 ordinary shares for the acquisition of Marine Elite, as determined with reference to the respective net asset values of the said companies) of US$1.0 each, credited as fully paid, to Mr. Cheng at the direction of JFX Holding on 29 December 2015.

Upon completion of the above transactions, Wasco Global, Sunset Edge and Marine Elite became wholly-owned subsidiaries of Janco (BVI).

Incorporation of Million Venture

On 18 September 2015, Million Venture was incorporated in the BVI with limited liability. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.0 each.

On 28 October 2015, Million Venture allotted and issued one subscriber share with a par value of US$1.0 as fully paid to Mr. Cheng and the entire issued share capital of Million Venture became wholly owned by Mr. Cheng.

Incorporation of our Company

On 12 November 2015, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of our incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each.

On the date of our incorporation, our Company allotted and issued one subscriber Share with a par value of HK$0.01, payable at par, to a nominee subscriber. On the same date, the nominee subscriber (as transferor) and Million Venture (as transferee) executed an instrument of transfer, pursuant to which the nominee subscriber transferred the one Share, representing the then entire issued share capital of our Company, to Million venture for HK$0.01. On 9 March 2016, the one Share was paid up by Million Venture. Such transactions were properly and legally completed and settled. Upon completion of the above transactions, the entire issued share capital of our Company became wholly owned by Million Venture.

Acquisition of Janco (BVI) by our Company

Upon completion of the acquisitions of the entire issued share capital of Wasco Global, Sunset Edge and Marine Elite by Janco (BVI), Mr. Cheng legally and beneficially owned 100 ordinary shares in Janco (BVI), representing the entire issued share capital of Janco (BVI).

On 29 December 2015, Mr. Cheng (as transferor), our Company (as transferee), Million Venture and Janco (BVI) entered into a reorganisation agreement, pursuant to which our Company acquired 100 ordinary shares in Janco (BVI) from Mr. Cheng, being the entire issued share capital of Janco (BVI). In consideration of the acquisition, our Company allotted and issued 99 Shares of HK$0.01 each, credited as fully paid, to Million Venture at the direction of Mr. Cheng on 29 December 2015.

Upon completion of the above transactions, Janco (BVI) became a wholly-owned subsidiary of our Company.

Incorporation of FC Global

On 25 February 2016, FC Global was incorporated in Hong Kong with limited liability. On the date of its incorporation, FC Global allotted and issued 10,000 ordinary shares as fully paid to Sunset Edge and the entire issued share capital of FC Global of HK$10,000 became wholly owned by Sunset Edge.

Disposal of JFX Holding

Before the disposal of JFX Holding to an independent third party, Mr. Cheng legally and beneficially owned 50,000 ordinary shares in JFX Holding, representing the entire issued share capital of JFX Holding.

Following the completion of the Business Transfer, the JFX Group mainly engages in the freight forwarding business in the PRC. As our Group has been positioned to engage in freight forwarding and logistics businesses in Hong Kong, to allow Mr. Cheng to devote more time and efforts to the business of our Group and to delineate the operations of freight forwarding business in Hong Kong and the PRC, Mr. Cheng decided to dispose of JFX Holding to an independent third party.

Our Directors consider that as the freight forwarding and logistics businesses of our Group in Hong Kong and the freight forwarding business of the JFX Group in the PRC are different in terms of geographical locations and target customers, the current businesses of the JFX Group are not competing and are unlikely to compete with the businesses of our Group. The JFX Group recorded a loss of approximately HK$0.8 million and HK$2.1 million for the two years ended 31 December 2014 and 2015, respectively.

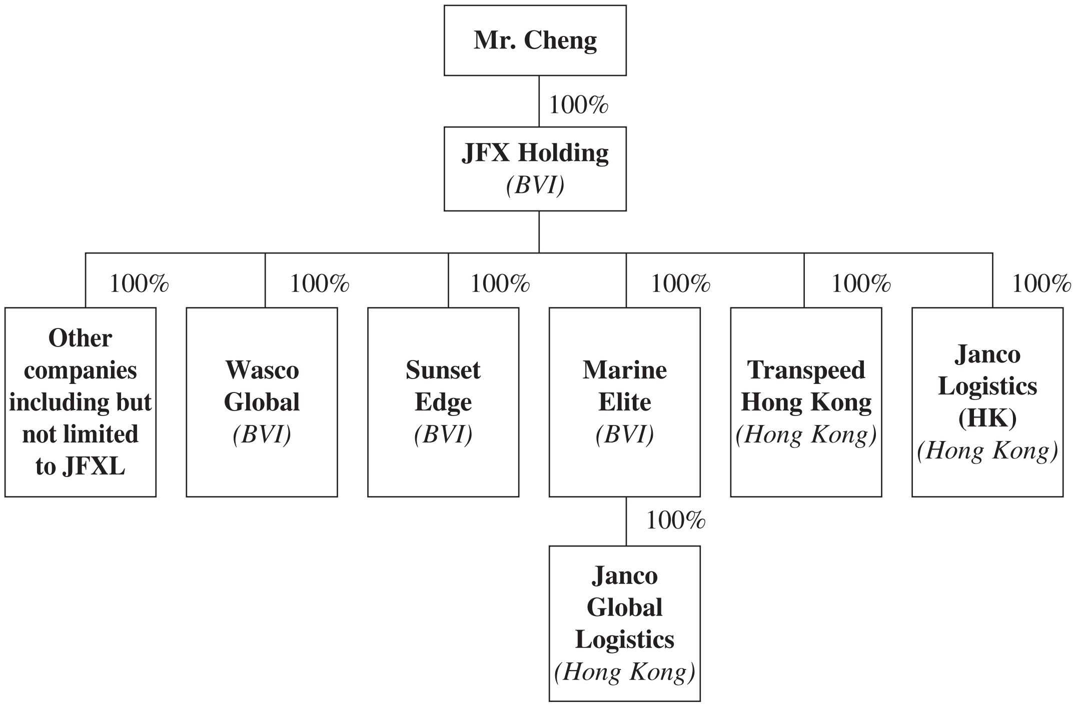
On 31 December 2015, Mr. Cheng (as transferor) and an independent third party (as transferee) entered into a sale and purchase agreement, pursuant to which Mr. Cheng agreed to sell, and the independent third party agreed to purchase 50,000 ordinary shares in JFX Holding, being the entire issued share capital of JFX Holding. The independent third party is a company of which the entire issued share capital is wholly owned by a business acquaintance engaging in the freight forwarding and logistics industries. The consideration for the sale and purchase was HK$2 million, which was determined with reference to the net asset value of the JFX Group and the business prospects of the PRC freight forwarding business carried on by the JFX Group as considered by the independent third party.

Upon the completion of the disposal of JFX Holding mentioned above, the entire issued share capital of JFX Holding became wholly owned by the independent third party.

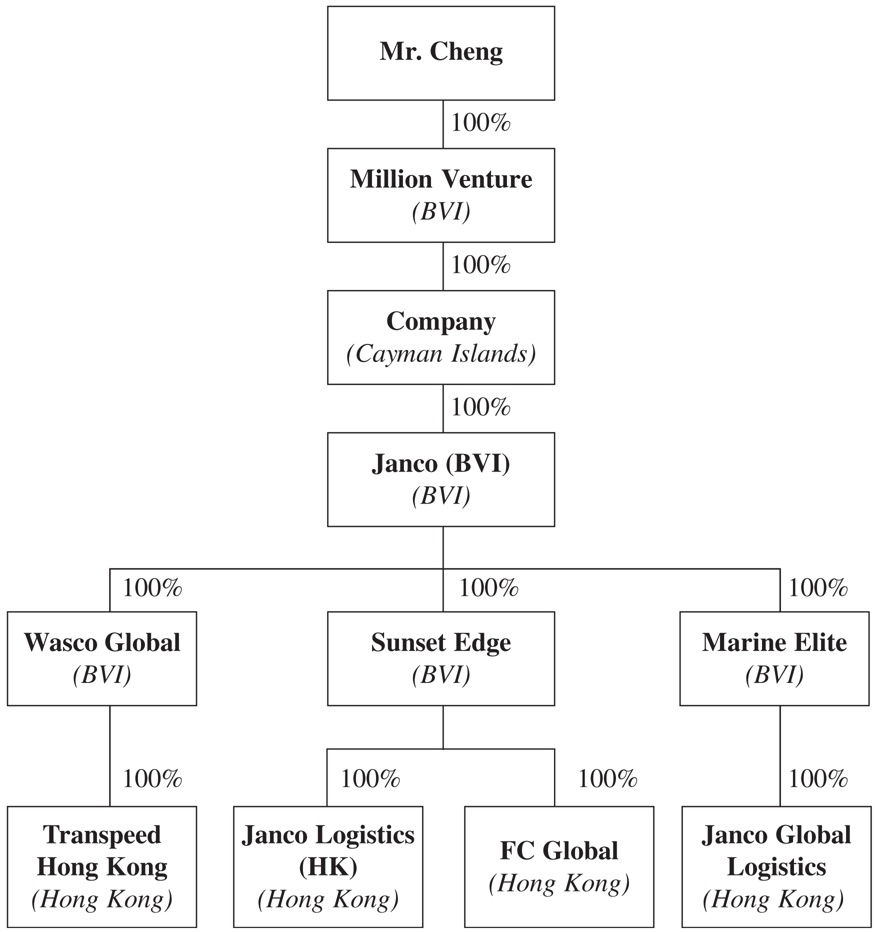
Although Mr. Cheng remained to be a director and/or legal representative of certain members of the JFX Group as at the Latest Practicable Date, he had taken all necessary steps for the purpose of his resignation from the position of director and/or legal representative of all those members of the JFX Group and it is expected that the procedures for the aforesaid resignation will be completed within two months from the Listing.

The niece of Mr. Cheng ("**Mr. Cheng's Niece**") was appointed as one of the three directors (the other two directors being independent third parties) of certain companies of the JFX Group (comprising, among others, Freight Concept Limited, being a wholly-owned subsidiary of JFX Holding and one of our five largest customers during the Track Record Period) after the disposal of JFX Holding to the independent third party. Mr. Cheng's Niece worked as a full-time accounting clerk in Freight Concept Limited from May 2008 to June 2010.

The following chart sets forth our Group's shareholding and corporate structure immediately before the Reorganisation:



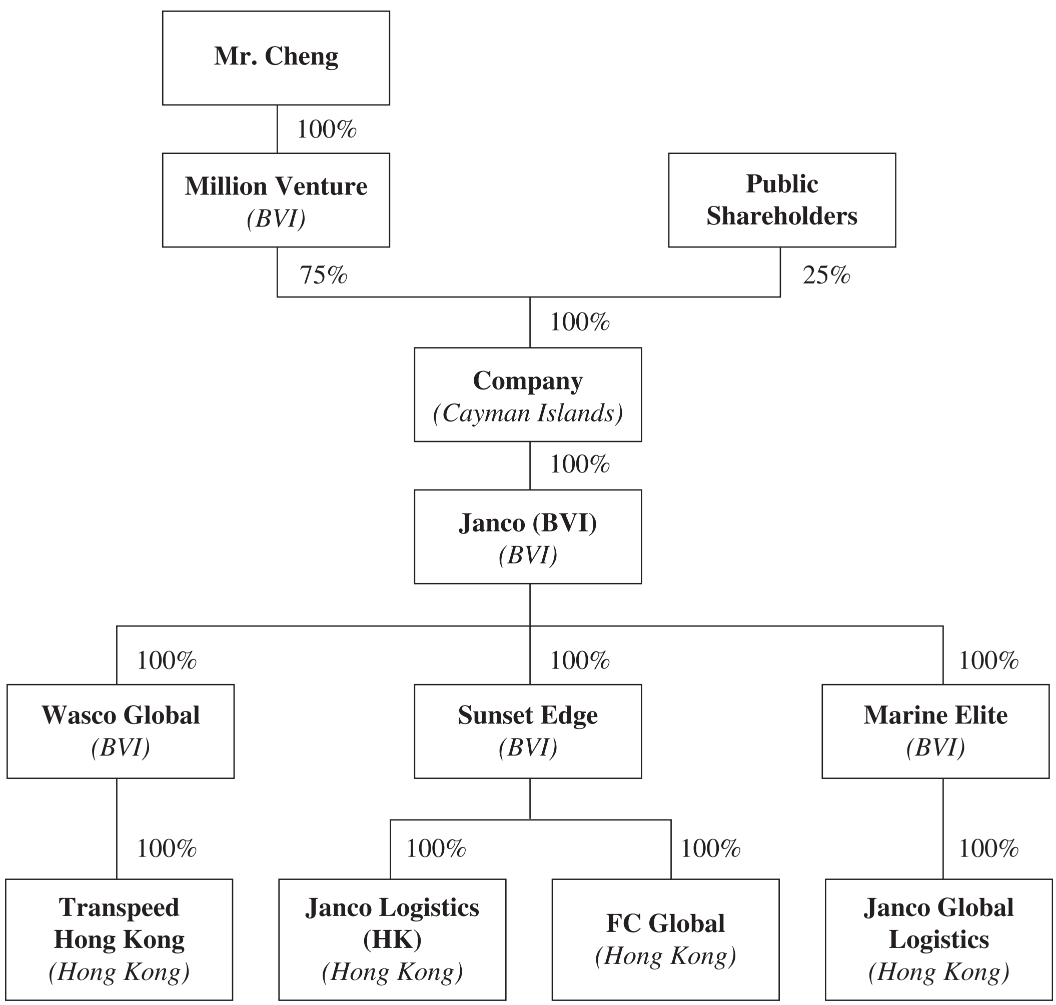
The following chart sets forth our Group's shareholding and corporate structure of immediately after the Reorganisation but before the Placing and the Capitalisation Issue:



Capitalisation Issue

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Placing Shares pursuant to the Listing, our Directors are authorised to capitalise an amount of HK$4,499,999 standing to the credit of the share premium account of our Company by applying such sum towards the payment in full at par a total of 449,999,900 Shares for allotment and issue to Million Venture so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by it, will constitute 75% of the issued share capital of our Company upon completion of the Placing and the Capitalisation Issue.

The following chart sets forth our Group's shareholding and corporate structure immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme):



OVERVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia. We have an established track record of over 25 years in the freight forwarding industry in Hong Kong.

Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or GSAs and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. A majority of our customers are direct shipper customers. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand.

We have maintained stable business relationship with our suppliers, including our airline partners, shipping liner partners as well as other freight forwarders. We are a CSA of various international and regional airlines and we have maintained business relationship with an international airline, being our largest supplier for the year ended 31 December 2015 in terms of our cost of sales, for more than nine years. Since December 2015, we have partnered with one of our airline partners that does not have headquarters in Hong Kong for GSA arrangements. GSA arrangements are common arrangements made by airlines under which they appoint service providers as GSAs to represent them in a designated region where the airline does not operate an office or have a principal place of business. Through entering into a GSA agreement with one regional airline based in Thailand, we act as its representative in Hong Kong and are therefore capable of selling or on-selling its air cargo space on outbound routes from Hong Kong to Bangkok to our customers.

On top of our core freight forwarding services, we strategically offer ancillary logistics services primarily at our warehouses located in Yau Tong, Tsing Yi and Kwai Chung in response to the rising demand from our customers who require customised value-added logistics services. The ancillary logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. We integrate our ancillary logistics services into our core freight forwarding services to strategically create a distinct corporate identity among our shipper customers.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to our freight forwarding business amounted to approximately HK$165.9 million, HK$189.9 million and HK$41.9 million, respectively, while our revenue attributable to our logistics business amounted to approximately HK$13.1 million, HK$19.5 million and HK$5.1 million, respectively. For the two years ended 31 December 2014 and 2015, our total net profit amounted to approximately HK$9.3 million and HK$13.6 million, respectively, while our total net loss for the three months ended 31 March 2016 amounted to approximately HK$2.5 million primarily attributable to Listing expenses incurred of approximately HK$4.6 million.

STRENGTHS, STRATEGIES AND FUTURE PLANS

Competitive strengths

Our competitive strengths are key factors contributing to our success to date. Our Directors believe that the following competitive strengths will continue to enhance our presence and increase our market share in the freight forwarding and logistics industries:

(a) Our established track record of over 25 years in serving the freight forwarding industry allows us to understand and adapt to our customers' needs.

An established reputation and track record are important factors that affect customers' choice over logistics partners. A strong network along the value chain is also a key success factor for leading players and a key barrier for new entrants to the market, according to the F&S Report. We have been a freight forwarding service provider since the establishment of JFXL in 1990, giving us a track record of over 25 years. Over the years, we have created an extensive network of suppliers and customers along the supply chain of cargo space. During the Track Record Period, we had maintained business relationship with over 400 suppliers and over 1,500 customers. We have maintained business relationship with our largest supplier for the year ended 31 December 2015 for more than nine years and with our largest customer for the same period for more than five years. Our reputation within the network of carriers, freight forwarders and shippers is built upon our dedication to satisfy our customers' needs and ability to maintain stable relationship with such industry players.

Our steady flow of bookings from our customers and our responsive and quality services are well-recognised in the industry. We received awards for outstanding sales performance from various airline partners from 2011 to 2013. Further, our professional standards in promoting international air cargo transportation are recognised by IATA as evidenced by certificates issued by the association to us since 2004. It is an industry practice that airlines generally only offer cargo space to freight forwarders who are IATA accredited agents. In order to become an IATA accredited agent, an applicant has to, among other requirements, have at least two staff members who have attended recognised training courses on handling dangerous goods. An applicant also has to submit its audited financial statements, insurance policies and sales report on IATA member airlines for inspection by IATA to demonstrate that it has sufficient financial resources satisfactory to IATA. By being an IATA accredited agent, our Directors believe that our professional standards are recognised by the association. Such accreditation also serves as an entry barrier of the freight forwarding industry. For details of our awards and recognitions, please refer to the paragraph headed "Awards, memberships and recognitions" in this section.

(b) Our ability to understand and adapt to our customers' needs contributes to our growing ancillary logistics services segment.

Nowadays, service providers who are capable of integrating different modules of services and playing multi-fold roles in the value chain are becoming increasingly competitive and preferred, according to the F&S Report. With the experience and expertise in serving the freight forwarding industry, our management sees the rising demand from our customers for value-added logistics services ancillary to our core freight forwarding services as they would save our customers considerable amount of time and resources in sourcing such service providers in the market. We have been providing ancillary logistics services to our direct shipper customers since 2005 by integrating such services into our core freight forwarding services. While small- and medium-sized players within the industry still focus on freight forwarding with minimal or no value-added services according to the F&S Report, as a Tier 2 player within the industry, we are more capable of offering a wide range of transportation and logistics services to our customers as an integrated logistics solution provider. Our Directors believe that our ability to understand and adapt to our customers' needs has encouraged purchases of cargo space by our direct shipper customers and distinguished us from our freight forwarder competitors since we are able to provide a wide range of freight forwarding services and logistics services as a one-stop service provider. For details of our ancillary logistics services, please refer to the paragraphs headed "Our services — Logistics services" and "Operations — Logistics services" in this section.

(c) Our stable business relationship with our suppliers enhances our competitiveness in the freight forwarding industry.

We have maintained stable business relationship with our suppliers, being our airline partners and shipping liner partners as well as other freight forwarders. We have maintained business relationship with our five largest suppliers for the year ended 31 December 2015 for around six years on average and with our largest supplier for the same period for more than nine years. Leveraging our business relationship with industry players of the freight forwarding industry developed from our over 25 years of presence as a freight forwarding service provider, our suppliers are willing to offer cargo space to us at favourable prices, which we could in turn offer the same to our customers at competitive prices to enhance sales volume. Our established market presence and reputation have earned the respect and trust of our suppliers, as evidenced by the fact that we have entered into various agreements with our airline partners for us to sell or on-sell their air cargo space in Hong Kong. For details of the agreements we enter into with our airline partners, please refer to the paragraph headed "Our services — Freight forwarding services" in this section. Our Directors believe that our stable business relationship with our suppliers is able to stimulate synergy along the supply chain of cargo space by strengthening our ability to source low-priced cargo space and thereby enhancing our competitiveness in the freight forwarding industry.

(d) Our diversified supplier network allows us to provide a wide portfolio of cargo routes for our customers for shipping their goods.

In 2015, we had business relationship with over 400 suppliers who are international or regional airlines, shipping liners, freight forwarders or GSAs. In 2015, among our extensive network of suppliers, over 20 were active suppliers each constituting over HK$1 million of our cost of sales. Our diversified supplier network minimises the risks posed by reliance on a small number of suppliers and allows us to offer a wide portfolio of cargo routes at competitive prices for our customers depending on their individual shipping needs as we are able to source cargo space on specific routes or different routes to the same destination within our diversified supplier network for our customers to choose from. Our established track record of over 25 years and a stable business relationship with our suppliers are fundamental to building a diversified supplier network. We believe a diversified network distinguishes us from our competitors as maintaining such a network along the value chain requires years of efforts in building strong relationship with suppliers. A strong network also serves as a major obstacle to new entrants. Our Directors believe that with a diversified supplier network, we are able to provide a wide variety of shipping choices which will further encourage customer loyalty and enhance customer experience, thereby strengthening our sales performance.

(e) Our executive Directors and senior management personnel possess extensive industry expertise and strong execution capability to maximise our Shareholders' benefit.

With a high level of competition in the market, operational experiences and management capability are key success factors for strong incumbents, according to the F&S Report. A majority of our executive Directors and senior management personnel possess extensive industry expertise and strong execution capability with an average number of years of experience in the freight forwarding and logistics industries of over 25 years. With such expertise and capability, our management team has the leadership, vision and industry knowledge required to anticipate and take advantage of market opportunities, and execute business strategies to maximise our Shareholders' benefit.

Please refer to the section headed "Directors and Senior Management" in this prospectus for the backgrounds and experience of our executive Directors and senior management personnel.

Business strategies and future plans

Our long-term business objective is to become a leading one-stop service provider in the freight forwarding and logistics industries in Asia, while our ultimate business objective is to become a major market player in the global freight forwarding and logistics industries. We plan to achieve our objectives by implementing the following strategies:

(a) Further developing our freight forwarding business

(i) We target to further develop our portfolio of cargo routes to boost sales performance and enhance market share in the freight forwarding industry.

We have a strategic focus on selling cargo space to our direct shipper customers for exporting shipments from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand. Capitalising on our extensive network of suppliers of cargo space, we target to expand our existing portfolio of cargo routes and further increase our shipment volume on routes for shipments exporting from Hong Kong to North America, South America and Europe. Our strategy is to expand our portfolio of freight forwarding services and strengthen our customer base in order to boost sales performance and enhance market share in the freight forwarding industry. Our Directors are positive towards our strategy to expand our freight forwarding business for shipments from Hong Kong to North America, South America and Europe because we see business opportunities from potential customers who have shipping needs to these regions but without a large enough shipping volume to engage the services of Tier 1 global leading logistics groups at favourable prices. Global leading logistics groups generally have preference over customers with a large shipment volume. They might also not be willing to offer customised value-added logistics services to customers who only engage their services in small transactional amounts. We believe we are able to compete with the leading logistics groups for this market segment with our flexibility in serving customers with small shipment volume and transactional amounts at competitive prices. Our ability to offer customised logistics services ancillary to our freight forwarding services also further strengthens the effectiveness of our strategy to expand our portfolio of cargo routes to these regions.

(ii) We target to further expand our existing GSA arrangements with airlines to better position us in the freight forwarding industry.

The success of a freight forwarder relies heavily on its ability to source cargo space on a wide portfolio of routes at competitive prices. The willingness of airline partners to enter into GSA arrangements with freight forwarders is an indication of recognition of their sales performance and marketing ability. It is also a sign of trust in their future expansion capabilities. Since December 2015 and up to the Latest Practicable Date, we had only entered into one GSA agreement with an airline partner. We plan to leverage on our existing network and further expand our freight forwarding business by entering into more GSA arrangements with more airlines to boost our sales performance. Our Directors believe that GSA arrangements offer a cost-efficient way of strengthening a freight forwarder's presence in the region it operates as it does not have to invest substantial resources in marketing since customers generally obtain cargo space through the GSA if they have to ship goods on flights operated by the airline that has entered into GSA arrangements with the freight forwarder. Further expanding the scope of our GSA arrangements to cover a wider variety of cargo routes will therefore better position us in the freight forwarding industry.

(b) Further developing our logistics business

(i) We target to expand our truck fleet to enhance our ancillary logistics services and save our operating costs in the long run.

Our ancillary logistics services are well-integrated into our core freight forwarding services. Depending on the individual needs of our direct shipper customers, we offer ancillary logistics services on top of our freight forwarding services. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our cost of sales attributable to our ancillary logistics services amounted to approximately HK$8.4 million, HK$13.4 million and HK$4.1 million, respectively, representing approximately 5.9%, 8.1% and 11.0% of our total cost of sales, respectively. As at the Latest Practicable Date, we owned five trucks, one tractor and two trailers for providing our Hong Kong local delivery service and we outsource part of our Hong Kong local delivery services to independent delivery service providers on an as-needed basis. We target to expand our truck fleet in Hong Kong to strengthen quality control, facilitate our ancillary logistics services and save our operating costs in the long run. By expanding our truck fleet, we will be more capable of adapting our local logistics services to our customers and create a more distinct corporate identity, thereby enhancing customer loyalty.

(ii) We target to upgrade our warehouse information technology system.

Goods handled and stored at our warehouses are managed by our warehouse information technology system which electronically stores data of our customers' goods at our warehouses. Revenue generated from our logistics services increased by 48.9% from approximately HK$13.1 million for the year ended 31 December 2014 to approximately

HK$19.5 million for the year ended 31 December 2015 while it increased by 59.4% from approximately HK$3.2 million for the three months ended 31 March 2015 to approximately HK$5.1 million for the three months ended 31 March 2016. With a significant growth in our logistics business segment, upgrading our warehouse information technology system by introducing more automated processes into our system in response to customers' rising demand for our ancillary logistics services can improve efficiency and capacity of our warehouses. We will therefore be more capable of handling large quantities of goods within tight schedules and minimise the chance of errors occurring. We can further enhance customer experience by introducing customised upgrades to our existing warehouse monitoring system by providing a more comprehensive and user-friendly interface for our customers to check information of their goods by logging in our system online. Our Directors believe that this will strengthen our reputation within the industry and encourage returning customers.

(c) Further enhancing our sales and marketing effort to boost sales performance

We will continue to enhance our sales and marketing effort in maintaining stable business relationship with our existing customers who are either direct shipper customers or freight forwarder customers. We will put in efforts in conducting market research to keep abreast of the latest market trend and development so that we can devise corresponding business strategies in response to market trend and development. We plan to launch marketing and promotion campaigns to enhance our exposure to more potential customers. We target to diversify and expand our customer base by offering a wider portfolio of cargo routes for our customers through building a more extensive network of suppliers of cargo space on routes from Hong Kong to North America, South America and Europe, thereby boosting sales performance and fostering a more diversified customer network.

For details of how we intend to apply our net proceeds from the Placing in implementing our future plans, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

OUR SERVICES

During the Track Record Period, our revenue was predominately generated from our freight forwarding services. The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

	Year ended 31 December				**Three months ended 31 March**			
	2014		**2015**		**2015**		**2016**	
	HK$'000	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Freight forwarding —	**165,887**	**92.7**	**189,854**	**90.7**	**40,753**	**92.8**	**41,937**	**89.1**
Air freight	72,611	40.6	101,947	48.7	18,587	42.3	22,782	48.4
Ocean freight	93,276	52.1	87,907	42.0	22,166	50.5	19,155	40.7
Logistics	**13,051**	**7.3**	**19,462**	**9.3**	**3,171**	**7.2**	**5,108**	**10.9**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Freight forwarding —	**30,698**	**18.5**	**37,587**	**19.8**	**7,218**	**17.7**	**8,837**	**21.1**
Air freight	9,271	12.8	13,027	12.8	2,213	11.9	3,668	16.1
Ocean freight	21,427	23.0	24,560	27.9	5,005	22.6	5,169	27.0
Logistics	**4,641**	**35.6**	**6,053**	**31.1**	**502**	**15.8**	**999**	**19.6**
Total	**35,339**	**19.7**	**43,640**	**20.8**	**7,720**	**17.6**	**9,836**	**20.9**

Freight forwarding services

Freight forwarding services form our core business, representing approximately 92.7%, 90.7% and 89.1% of our total revenue for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, respectively. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations in Asia. When we receive a booking instruction from our customer requesting for cargo space for its shipments to be shipped on a specific route, we will find a suitable route for our customer and provide it with a quotation based on the rate lists provided by our suppliers plus a certain profit margin.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to export shipments amounted to approximately HK$156.8 million, HK$180.8 million and HK$40.3 million, respectively, representing approximately 87.6%, 86.4% and 85.7% of our total revenue, respectively, while our revenue attributable to import shipments amounted to approximately HK$7.8 million, HK$7.9 million and HK$1.9 million, respectively.

The following table sets forth a breakdown of our revenue generated from export shipments by destination during the Track Record Period:

Revenue generated from export shipments by destination

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Asia	131,782	84.0	134,126	74.2	31,234	79.3	33,504	83.1
Africa	9,981	6.4	9,093	5.0	2,182	5.5	1,711	4.3
North America	7,024	4.5	30,707	17.0	4,046	10.3	4,124	10.2
Europe	6,980	4.4	5,683	3.1	1,684	4.3	935	2.3
Others*(Note)*	1,058	0.7	1,193	0.7	240	0.6	54	0.1
Total	**156,825**	**100.0**	**180,802**	**100.0**	**39,386**	**100.0**	**40,328**	**100.0**

Note: The category "Others" comprises Oceania and South America.

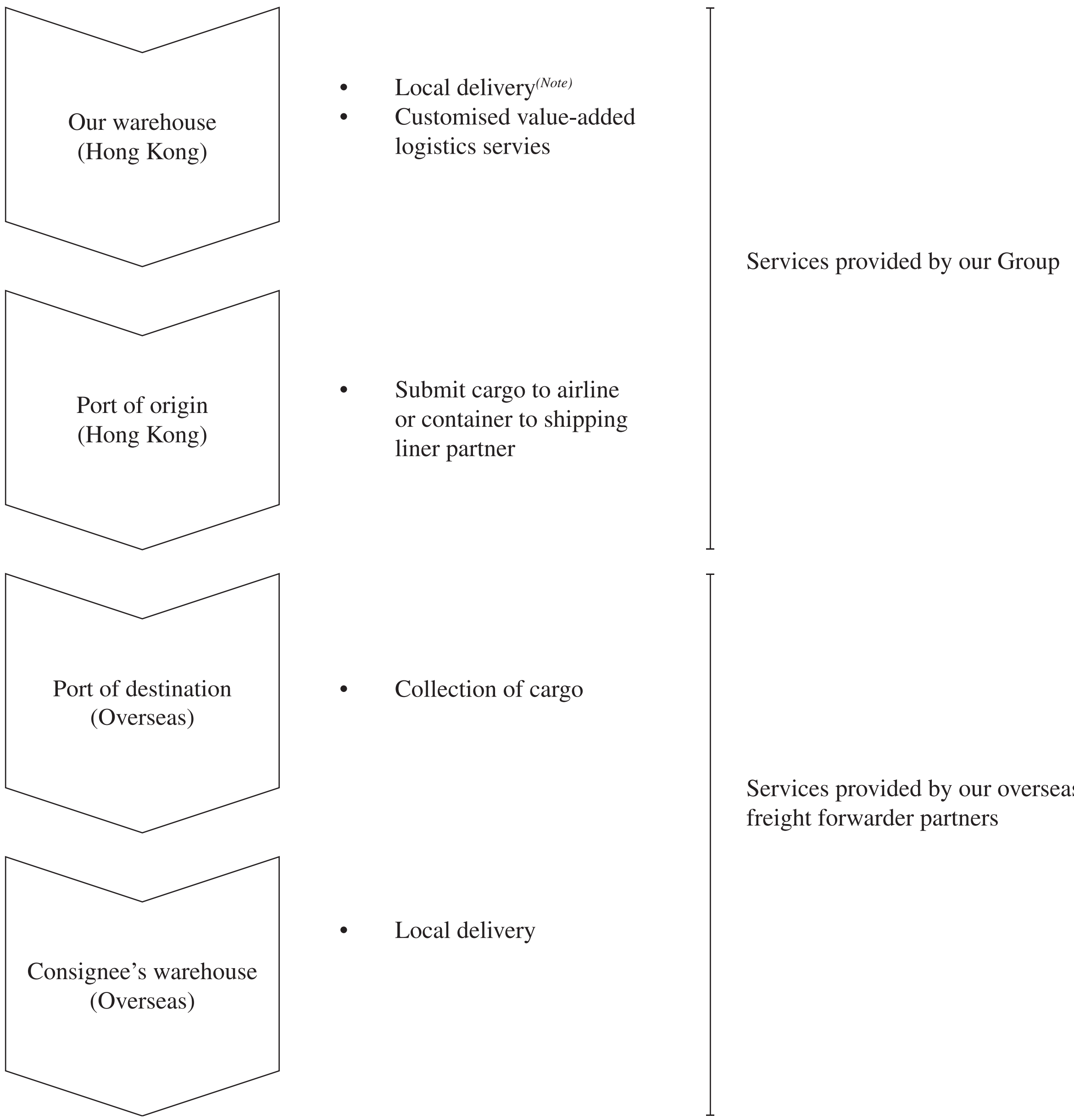
The following table sets forth a breakdown of our revenue generated from import shipments by origin during the Track Record Period:

Revenue generated from import shipments by origin

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Asia	5,995	77.2	5,795	73.8	1,241	76.5	1,290	67.7
Africa	77	1.0	8	0.1	2	0.1	—	—
North America	722	9.3	1,195	15.2	207	12.8	510	26.8
Europe	924	11.9	746	9.5	152	9.4	72	3.8
Oceania	44	0.6	111	1.4	20	1.2	33	1.7
Total	**7,762**	**100.0**	**7,855**	**100.0**	**1,622**	**100.0**	**1,905**	**100.0**

The following chart sets out the freight forwarding and ancillary logistics services we or our overseas freight forwarder partners provide to our direct shipper customers for export shipments:

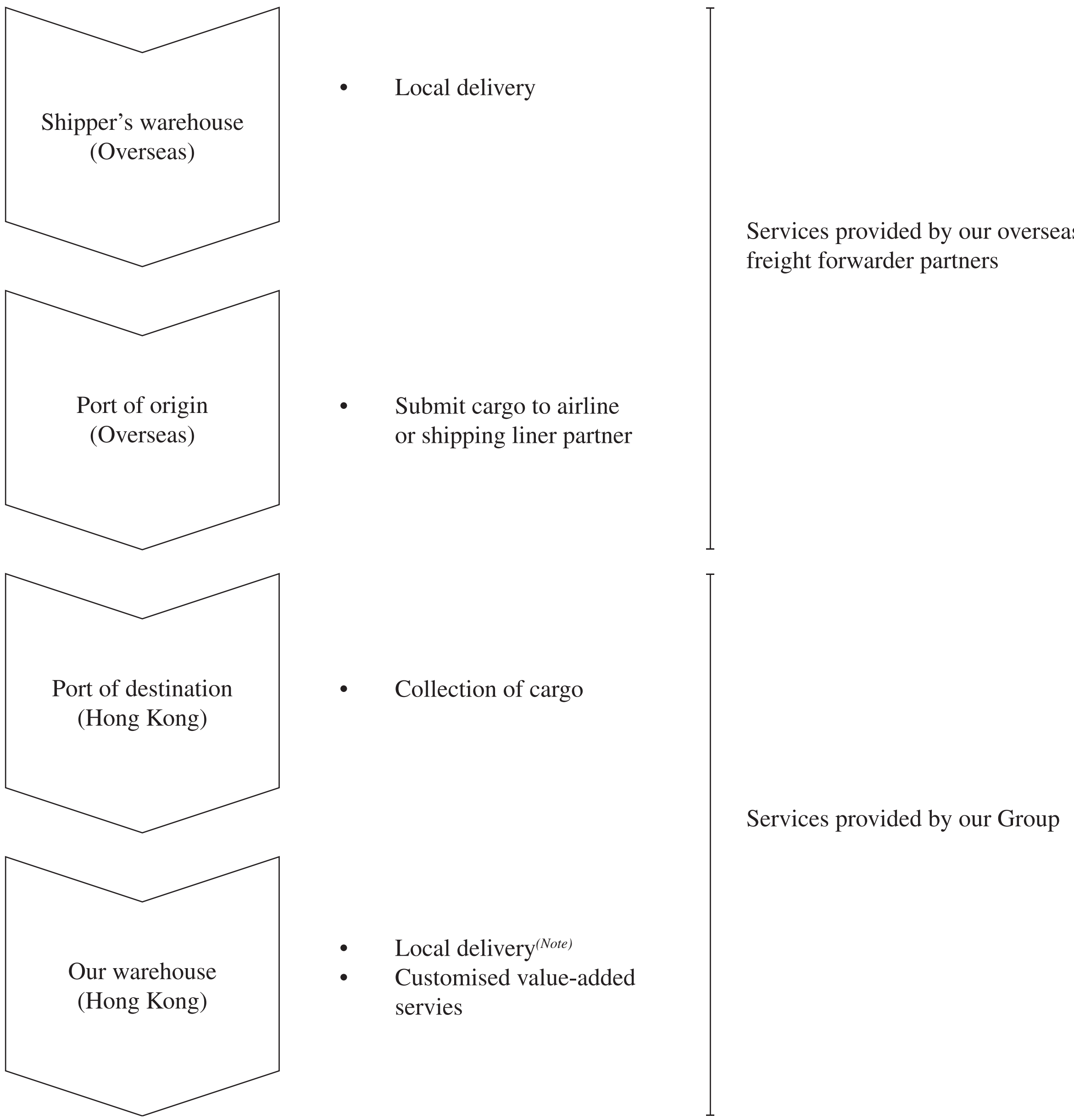
Export shipments



Note: We may outsource part of our Hong Kong local delivery services to independent delivery service providers on an as-needed basis.

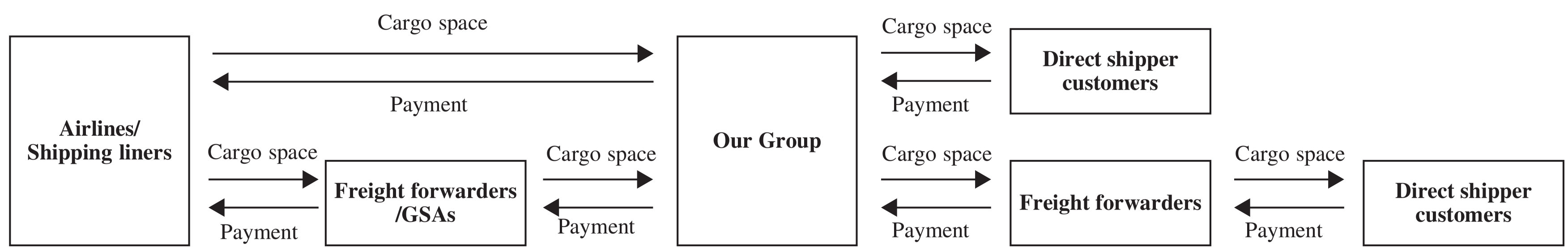
The following chart sets out the freight forwarding and ancillary logistics services we or our overseas freight forwarder partners provide to our direct shipper customers for import shipments:

Import shipments



Note: We may outsource part of our Hong Kong local delivery services to independent delivery service providers on an as-needed basis.

The following chart illustrates how we source cargo space from our suppliers and offer them to our direct shipper customers or freight forwarder customers.



(a) Non-committed purchases

We obtain air cargo space from our airline partners, GSAs or other freight forwarders and sea cargo space from our shipping liner partners. Almost all the cargo space we purchase from our airline partners and shipping liner partners directly are non-committed purchases, representing approximately 93.9%, 94.0% and 95.0% of our total cost of sales attributable to our freight forwarding services for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016. Non-committed purchases are purchases we make from our cargo space suppliers only upon requests by our customers. Apart from making bookings directly from our airline partners, we enter into various types of agreements with our airline partners. We generally do not enter into any agency or long-term agreement with our shipping liner partners for sourcing sea cargo space.

A majority of air cargo space and all sea cargo space we source are through lodging bookings directly without entering into any agency or long-term agreement with our suppliers. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, bookings of cargo space made with our airline partners directly amounted to approximately HK$33.0 million, HK$52.3 million and HK$7.6 million, respectively, representing approximately 52.1%, 58.8% and 39.8% of our total cost of sales attributable to air freight forwarding services, respectively. We are generally required to provide bank guarantees in favour of our airline partners and shipping liner partners to secure purchases of cargo space. For a discussion of the bank guarantees made in favour of our suppliers, please refer to the paragraph headed "Suppliers — Bank guarantees and cash deposits" in this section. The process by which we lodge bookings with our suppliers for cargo space with or without being governed by agency or long-term agreements are generally similar. For details of the process by which we lodge bookings with our suppliers for cargo space, please refer to the paragraph headed "Operations — Freight forwarding services" in this section. The below paragraphs discuss the various types of agreements we enter into with our airline suppliers.

CSA agreement

We enter into CSA agreements with our airline partners who generally have representative offices in Hong Kong in order to maintain a good business relationship with them. As at the Latest Practicable Date, we had entered into four CSA agreements with our airline partners. We are not committed to purchasing any minimum air cargo space on the routes operated by our airline partners which are typical terms of block space agreements for committed purchases as discussed below. Under the CSA agreements, we act as non-exclusive CSA of our airline partners in Hong Kong to sell cargo space on flights operated by them and are generally remunerated by commission payable by our airline partners to us calculated at a fixed percentage on the amount of cargo rate paid to the airlines for the cargo space on routes operated by our airline partners. The commission payable to us under our CSA agreements is generally 5% on the amount of cargo rate paid to our airline partners or at HK$0.4 per kg of cargo shipped, depending on the commission rate as stated in the relevant CSA agreement. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the total commission received by our Group under our CSA agreements amounted to approximately HK$0.7 million, HK$1.6 million and HK$0.2 million, respectively. We are liable for the payment of any air cargo space sold to us by our airline partners whether our customers eventually settle our invoices or not. The CSA agreements generally provide that our CSA arrangements shall be for a fixed term of one year or five years, or shall continue in full force and effect until terminated by mutual agreement or by the terminating party giving the other party one month's or 60 days' written notice in advance. The CSA agreements may generally be terminated immediately by written notice to the other party if such party (a) defaults in observing or performing any of the provisions of the CSA agreement; (b) becomes bankrupt or makes any assignment for the benefit of or enter into any arrangement or composition with its creditors, or goes into liquidation or suffers any of its goods to be taken in execution; or (c) ceases to carry on business. One of our CSA agreements further provides that our airline partner may immediately terminate the CSA agreement at its option if (a) we fail to observe or perform any provisions of the CSA agreement; (b) we fail to meet our airline partner's requirement in sales result and operation standard; (c) we fail to settle outstanding freightage and other related charges on time; (d) we enter into bankruptcy, settlement out of court, or dissolution or renewal of incorporation, resulting from indebtedness to others; (e) our bank does not honour any cheques issued by us in favour of our airline partner; (f) our acts harm our airline partner's reputation; or (g) there is any violation of the CSA agreement. One of our CSA agreements also provides that the CSA agreement shall be automatically terminated in the event of termination or suspension of our IATA accreditation. We are required to indemnify our airline partners against any claim and liability that arise directly or indirectly from negligence in performing our duties under the CSA agreements. Our CSA agreements do not provide for any compensation for any breach of the agreements by our airline partners. We are required to settle freightage and other related charges in accordance with the IATA cargo accounts settlement system mechanism and policy which generally provides that the accounts for accumulated sales amount are settled every 15 days and that we shall settle freightage and other related charges within 21 to 30 days after the accounts settlement date. We are required to provide bank guarantees in favour of our airline partners to secure our obligations under the CSA agreements. During the Track Record Period, we had not breached any material term of the CSA agreements.

GSA agreement

Our Directors believe that airlines appointing GSAs in the region they would like to tap into instead of setting up a principal place of business or representative office themselves can be attributed to their lack of local network and connection and the high set up costs involved. We have since December 2015 partnered with one of our airline partners for GSA arrangements. The main difference between a CSA and a GSA is that customers are generally required to provide bank guarantees or make cash deposits in favour of the GSA of an airline before they can source cargo space from the GSA. This arrangement is similar to the situation where customers are required to provide bank guarantees in favour of the airline before they can source cargo space from the airline directly. Further, the airline partners under GSA agreements generally do not have a principal place of business or representative office in the region the GSA is appointed. Since December 2015 and up to the Latest Practicable Date, we had entered into one GSA agreement with a regional airline based in Thailand (Supplier H) for a term of five years under which we non-exclusively act as its GSA in Hong Kong for sale of its air cargo space. It is an industry practice for GSAs to require customers to pay for cargo space in advance before delivery or provide bank guarantees or cash deposits. In contrast, customers are not generally required to provide bank guarantees or cash deposits in favour of CSAs or other freight forwarders. GSAs are therefore more protected against risk of customers defaulting on their invoices. For details of such customer counterparty risk, please refer to the paragraph headed "Risk Factors — Risks relating to our business — We are susceptible to counterparty risks and are liable to pay for the cargo space we source from our suppliers if our customers fail to settle our invoices" in this prospectus. Since the commencement of the GSA agreement in December 2015 and up to 31 March 2016, the total commission received by our Group amounted to approximately HK$430,000. We are not committed to purchasing any minimum cargo space on the routes operated by our airline partner under the GSA agreement. We are remunerated by commission payable by our airline partner calculated at HK$0.4 per kg of cargo shipped. We are required to tender our sales report to our airline partner and deposit sales amount exclusive of our commission within five days after the accounts settlement date for calculating the accumulated sales amount. Accounts for accumulated sales amount are settled every 15 days. We are liable for the payment of any air cargo space sold to us by our airline partners whether our customers eventually settle our invoices or not. Our GSA agreement does not contain any applicable termination clause nor provide any compensation for any breach of the agreement by our airline partner. We are liable for reimbursing our airline partner for any loss or claim from our customers that arises directly or indirectly from negligence in performing our duties under the GSA agreement. We are required to provide a cash guarantee of HK$3.0 million, which is determined based on arm's length negotiation between the parties with reference to, among others, credit terms, frequency of settlement and expected shipment volume under the GSA agreement, and is on normal commercial terms, in favour of our airline partner to secure performance of our obligations under the GSA agreement. During the Track Record Period, we had not breached any material term of the GSA agreement.

Our airline partner has since March 2016 suspended all its flights between Hong Kong and Bangkok, which was the only route on which we sourced cargo space from such airline partner, having announced that the flights they operate have mechanical problems. Since the commencement of the GSA agreement and up to 31 March 2016, the total shipment volume and revenue attributable to sale of air cargo space of our airline partner under the GSA agreement amounted to approximately 1,077,000 kgs and HK$8.0 million, respectively, while the gross profit and gross profit margin attributable to the GSA agreement amounted to approximately HK$3.1 million and 38.5%, respectively (taking into account only freight charges relating to the GSA agreement). As at the date of suspension, the estimated total net weight of cargo space bookings confirmed but not yet fulfilled amounted to approximately 8,889 kgs, representing revenue in the amount of approximately HK$53,000. We were not required to source air cargo space from other airline partners or freight forwarders in order to fulfil the booking requests placed by our customers prior to the suspension. Our customers were able to make their own arrangements to fulfil their shipping needs. Given the limited sales contribution and short time span of approximately three months from the commencement of the GSA agreement for sale of air cargo space up to the date of suspension, we are of the view that the suspension of the flights operated by our airline partner has no material impact, whether on our air freight forwarding business or all our business segments as a whole.

(b) Committed purchases

Block space agreement

Another way of sourcing air cargo space is through making firm commitments by entering into block space agreements with airlines. Block space agreements guarantee that we are allocated an agreed quantity of air cargo space for certain scheduled flights and for a relevant period (usually one year) at pre-determined rates. We generally do not, however, have exclusivity on the air cargo space provided under the block space agreements as airlines may also enter into such agreements with other freight forwarders to on-sell their cargo space.

During the Track Record Period and as at the Latest Practicable Date, we had entered into block space agreements with one of our airline partners for a period of one year, which was subject to renewal upon expiry and which guaranteed allocation of an agreed amount of cargo space to us. Under the block space agreements, we were committed to purchasing a minimum amount of air cargo space monthly, on certain flights operated by our airline partner from Hong Kong to Dhaka in Bangladesh, at a pre-determined rate (subject to adjustment by the airline) in accordance with the then market conditions. Any unutilised cargo space would be charged monthly at the agreed freight rate calculated in kg per unit load device. Please refer to the paragraph headed "Operations — Freight forwarding services" in this section for a discussion on the calculation of air freight charges for a unit load device.

Purchase commitments under block space agreements

The price of air cargo space offered by our airline partner from Hong Kong to Dhaka in Bangladesh under the block space agreements is generally lower than those offered by our other airline partners which did not enter into such agreements with us. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our total minimum purchase commitment under the block space agreements we entered into with our airline partner was approximately 626,000 kgs, 639,000 kgs and 147,600 kgs, respectively. The actual tonnage of the air cargo space we purchased from our airline partner for the same periods was approximately 692,610 kgs, 859,290 kgs and 191,340 kgs, respectively. As a result, all minimum purchase commitments under the block spaces agreements were fulfilled. There were no instances where our Group was not able to fulfil the minimum committed purchases during the Track Record Period and as at the Latest Practicable Date.

Revenue and gross profit attributable to block space agreements

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to the sale of cargo space sourced from our airline partner under the block space agreements was approximately HK$9.0 million, HK$10.8 million and HK$1.9 million, respectively, representing approximately 5.0%, 5.2% and 4.0% of our total revenue, respectively. Our cost of cargo space attributable to our airline partner under the block space agreements was approximately HK$8.2 million, HK$9.1 million and HK$1.7 million, respectively, representing approximately 5.7%, 5.5% and 4.5% of our total cost of sales, respectively. Our gross profit attributable to the block space agreements for the same period was approximately HK$0.8 million, HK$1.7 million and HK$0.2 million, respectively, while our gross profit margin for the same period was approximately 8.9%, 15.7% and 10.5%, respectively. The increase in gross profit margin of the block space agreements from 2014 to 2015 was attributable to a lower freight charge on routes operated by our airline partner from Hong Kong to Dhaka in Bangladesh as compared to that offered by our other airline suppliers. Such increase in gross profit margin was not significant compared to the gross profit margin of 12.8% for our air freight forwarding segment for both periods as the block space agreements only accounted for a small percentage of our total cost of sales as set out above.

Certain terms of the block space agreements

During the Track Record Period, the price of air cargo space sourced from our airline partner under the block space agreements did not fluctuate materially. Nevertheless, profitability could be adversely affected in the event that we fail to fulfil our committed purchase quantity under our block space agreements. For details of such risk, please refer to the paragraph headed "Risk Factors — Risks relating to our business — Prices of cargo space we source from our suppliers are subject to fluctuations which could adversely affect our profitability if we are unable to pass on the increase in purchase costs to our customers" in this prospectus. We would be liable for interest accrued at the rate of 4% per annum on any unsettled invoice of our airline partners calculated from the date when such amount under the unsettled invoice was due. Our airline partner granted us a credit period of 30 days under the block space agreements for us to settle its invoices. Either us or our airline partner could terminate the block space agreements at any time without cause by giving the other party 30 days' written notice in advance. During the Track Record Period, we had not breached any material term of the block space agreements. As at the Latest Practicable Date, the most recent block space agreement we entered into was for a term of one year from April 2016 to March 2017. A bank guarantee in the amount of HK$500,000 was maintained in favour of our airline partner as at the Latest Practicable Date.

The following table sets forth a breakdown of our cost of sales attributable to our air and ocean freight services by type of purchases:

	Year ended 31 December 2014				Year ended 31 December 2015			
	Air	**Ocean**	**Total**		**Air**	**Ocean**	**Total**	
	HK$'000	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Non-committed	**55,146**	**71,849**	**126,995**	**93.9**	**79,794**	**63,347**	**143,141**	**94.0**
Direct booking	33,022	71,849	104,871	77.6	52,321	63,347	115,668	76.0
CSA agreement	22,124	— *(Note)*	22,124	16.3	26,121	— *(Note)*	26,121	17.2
GSA agreement	—	— *(Note)*	—	—	1,352	— *(Note)*	1,352	0.8
Committed	**8,194**	**—**	**8,194**	**6.1**	**9,126**	**—**	**9,126**	**6.0**
Block space agreement	8,194	— *(Note)*	8,194	6.1	9,126	— *(Note)*	9,126	6.0
Total	**63,340**	**71,849**	**135,189**	**100.0**	**88,920**	**63,347**	**152,267**	**100.0**

Note: Not applicable to our ocean freight forwarding business.

	Three months ended 31 March 2015				Three months ended 31 March 2016			
	Air	**Ocean**	**Total**		**Air**	**Ocean**	**Total**	
	HK$'000	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)	(Unaudited)					
Non-committed	**13,914**	**17,161**	**31,075**	**92.7**	**17,448**	**13,986**	**31,434**	**95.0**
Direct booking	10,448	17,161	27,609	82.4	7,616	13,986	21,602	65.3
CSA agreement	3,466	— *(Note)*	3,466	10.3	6,247	— *(Note)*	6,247	18.9
GSA agreement	— *(Note)*	— *(Note)*	—	—	3,585	— *(Note)*	3,585	10.8
Committed	**2,461**	**—** *(Note)*	**2,461**	**7.3**	**1,667**	**—** *(Note)*	**1,667**	**5.0**
Block space agreement	2,461	— *(Note)*	2,461	7.3	1,667	— *(Note)*	1,667	5.0
Total	**16,375**	**17,161**	**33,536**	**100.0**	**19,115**	**13,986**	**33,101**	**100.0**

Note: Not applicable to our ocean freight forwarding business.

The following table sets forth a breakdown of our revenue by type of our freight forwarding services during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000* (Unaudited)	*% of total revenue*	*HK$'000*	*% of total revenue*
Freight forwarding —	**165,887**	**92.7**	**189,854**	**90.7**	**40,753**	**92.8**	**41,937**	**89.1**
Air freight	72,611	40.6	101,947	48.7	18,587	42.3	22,782	48.4
Ocean freight	93,276	52.1	87,907	42.0	22,166	50.5	19,155	40.7
Logistics	**13,051**	**7.3**	**19,462**	**9.3**	**3,171**	**7.2**	**5,108**	**10.9**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by type of our freight forwarding services during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Freight forwarding —	30,698	18.5	37,587	19.8	7,218	17.7	8,837	21.1
Air freight	9,271	12.8	13,027	12.8	2,213	11.9	3,668	16.1
Ocean freight	21,427	23.0	24,560	27.9	5,005	22.6	5,169	27.0

We experienced a significant growth in revenue contributed by our air freight services for the year ended 31 December 2015 primarily due to the significant increase in sales volume from Incipio Technologies Inc. ("**Incipio**"), our largest customer in terms of revenue contribution for the year ended 31 December 2015 and the three months ended 31 March 2016 (who is also ranked third in terms of revenue contribution for the year ended 31 December 2014), which was offset by the decrease in price per kg or cbm we charged our customers. Based in the U.S., Incipio is engaged in the manufacturing of mobile accessories and assortment of products relating to mobile products such as smartphones and tablets. Such significant growth can be attributed to a high demand for air freight services from Incipio who acquired a U.S.-based bags and mobile accessories brand in 2015 as part of their expansion plan which boosted sales of our cargo space exporting from Hong Kong to North America, and therefore may be one-off in nature. Such increase in sales volume from Incipio outweighed the overall decrease in air freight rates due to the decrease in fuel price. We experienced growth in revenue contributed by our air freight services from the three months ended 31 March 2015 to the three months ended 31 March 2016. This was primarily due to the increase in revenue generated from sales pursuant to the GSA agreement we entered into in December 2015.

We faced a drop in revenue contributed by our ocean freight services in 2015, reflecting the overall decrease in ocean freight charges due to the decrease in fuel price which outweighed the increase in shipment volume handled by us from our ocean freight services. Nevertheless, gross profit contributed by our ocean freight services increased as the price of sea cargo spaces we offered to our customers were generally less responsive to the decrease in cost of sea cargo spaces charged by our suppliers as compared to the decrease in price of air cargo space we offered to our customers in response to the decrease in cost of air cargo space charged by our suppliers. Due to a drop in fuel price, the prices charged by our airline suppliers decreased, which in turn led to a decrease in our costs. As the prices charged by our airline suppliers decreased at a faster pace than the decreasing prices we charged our customers, we recorded an increase in our gross profit margin from our air freight forwarding services for the year ended 31 December 2015. We faced a drop in revenue and increase in gross profit from our ocean freight services from the three months ended 31 March 2015 to the three months ended 31 March 2016 due to the same reasons set out above.

For a more detailed discussion of our results of operations, please refer to the paragraph headed "Financial Information — Discussion of certain key items in consolidated statements of profit or loss and other comprehensive income" in this prospectus.

The table below sets forth our shipment volume from our air freight business by type of shipments:

	Year ended 31 December		**Three months ended 31 March**	
	2014	**2015**	**2015**	**2016**
	('000 kg)	*('000 kg)*	*('000 kg)*	*('000 kg)*
Air freight shipment volume —	**4,134**	**5,512**	**1,048**	**1,912**
Export	4,033	5,341	1,028	1,873
Import	101	171	20	39

The table below sets forth our shipment volume from our ocean freight business by type of shipments:

	Year ended 31 December		**Three months ended 31 March**	
	2014	**2015**	**2015**	**2016**
	('000 cbm)	*('000 cbm)*	*('000 cbm)*	*('000 cbm)*
Ocean freight shipment volume —	**344**	**376**	**91**	**87**
Export	299	330	81	71
Import	45	46	10	16

The table below sets forth our segment results:

Segment results

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	(HK$'000)	*(HK$'000)*	*(HK$'000)* (Unaudited)	*(HK$'000)*
Air freight	8,378	11,682	1,985	3,278
Ocean freight	18,609	21,316	4,320	4,372
Logistics	3,734	3,891	218	335
Total	**30,721**	**36,889**	**6,523**	**7,985**

For a more detailed discussion of our revenue alongside our shipment volume from our freight forwarding business, please refer to the paragraph headed "Financial Information — Discussion of certain key items in consolidated statements of profit or loss and other comprehensive income — Revenue" in this prospectus.

Logistics services

With the experience and expertise in serving the freight forwarding industry, our management sees the demand from our customers for customised value-added logistics services ancillary to our core freight forwarding services as they would save our customers considerable amount of time and resources in sourcing such service providers in the market. The provision of one-stop solution is considered to be a key trend of Hong Kong's integrated logistics services market, according to the F&S Report. From a demand-side point of view, one-stop solution helps enhance logistics customers' efficiency and cost effectiveness while from a supply-side point of view, we are able to increase our bargaining power and profitability to become increasingly competitive in the market. We have been providing ancillary logistics services to our direct shipper customers since 2005 by integrating such services into our core freight forwarding services. As at the Latest Practicable Date, the ancillary logistics services offered by us included warehousing, repacking, labelling, palletising and local delivery within Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we only outsourced part of our Hong Kong local delivery services to independent delivery service providers on an as-needed basis. Our total cost of sales attributable to outsourcing our Hong Kong local delivery services to independent delivery service providers for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 amounted to approximately HK$0.2 million, HK$0.5 million and HK$0.2 million, respectively. No agreements were entered into with these delivery service providers.

Warehousing services

As at the Latest Practicable Date, we operated six leased warehouses located in Yau Tong, Tsing Yi and Kwai Chung covering a gross floor area of over 140,000 sq.ft. to provide ancillary logistics services to our customers. Our warehouses located in Yau Tong and Tsing Yi are mainly for customers who require more customised service such as repacking, labelling and palletising while our warehouse located in Kwai Chung is generally for providing logistics services ancillary to our freight forwarding services such as short-term warehousing services before loading cargo on board an aircraft or a vessel.

Repacking and labelling services

Depending on the needs of our customers, we offer labelling services so that the goods of our customers are properly repacked or labelled in accordance with our customers' instructions or shipping requirements before they are prepared for export out of Hong Kong. The repacking and labelling services we provide vary from customer to customer and we allocate our staff at our warehouses depending on the demand from our customers to provide these services.

Palletising services

Cargo is bundled in a unit load device before they are loaded on to an aircraft. Palletisation is a process by which goods are bundled together on a flat transport structure (typically a wooden board) known as a pallet in order to facilitate mechanical handling of stacked goods. Standardised palletised goods can then be easily handled by common mechanical equipment such as fort-lift trucks for moving around in a warehouse or for loading on to a unit load device on an aircraft or on to a container in a vessel for shipment. For details of bundling of cargo on a unit load device, please refer to the paragraph headed "Operations — Freight forwarding services — Air freight and ocean freight charges" in this section.

The photograph above shows how goods at our warehouses are palletised by being bundled together on a pallet.

Local delivery services

We provide Hong Kong local delivery services to our customers through our own vehicles and we outsource part of our Hong Kong local delivery services to independent delivery service providers on an as-needed basis. As at the Latest Practicable Date, we owned five trucks, one tractor and two trailers for providing our local delivery service. Our future plan is to further develop our logistics business by expanding our truck fleet in Hong Kong to strengthen quality control, facilitate our ancillary logistics services and save our operating costs in the long run. Our Directors believe that by expanding our truck fleet, we will be more capable of adapting our local logistics services to our customers and create a more distinct corporate identity, thereby enhancing customer loyalty. For details of such future plan, please refer to the paragraph headed "Strengths, strategies and future plans — Business strategies and future plans" in this section and the section headed "Future Plans and Use of Proceeds" in this prospectus.

For details on how the goods or consignments are handled at our warehouses, please refer to the paragraph headed "Operations — Logistics services" in this section.

We generally do not enter into long-term logistics service agreements with our customers. During the Track Record Period, we had entered into two non-committing logistics service framework agreements and one committing logistics service agreement. As at the Latest Practicable Date, one of our non-committing logistics service framework agreements had expired.

Non-committing logistics service agreement

We had entered into a non-committing and non-legally binding logistics service framework agreement with Incipio, our top customer for the year ended 31 December 2015, for a term of four years commencing from January 2016. The non-committing logistics service agreement does not provide for any commitment to provide services on our part and any minimum purchase commitment on Incipio. The non-committing logistics service agreement provides the rate of our charges for various logistics services we provide to Incipio during the term of the agreement such as (a) warehousing; (b) repacking; (c) labelling; (d) palletising; (e) customs clearance and various other ancillary logistics services. The charge for each type of services is subject to review annually between our Group and Incipio. Mr. Lo Wai Wah, the logistics director of our Group and also one of our executive Directors, alongside our warehouse manager, is responsible for overseeing our operation team at our warehouses to provide customised ancillary logistics services to Incipio. They are supported by a team of six workers at our warehouses, comprising a team leader and five other staff, who are responsible for providing those customised ancillary logistics services as directed by Incipio from time to time. We issue an invoice to Incipio on a weekly basis together with attachments detailing the type of services provided and our charges as agreed under the non-committing logistics service agreement. The total charges for the ancillary logistics services provided will generally depend on the volume of goods handled, calculated by kg or cbm and the duration the goods are stored at our warehouses. Our Group and Incipio can terminate the non-committing logistics service agreement by giving the other party 90 days' written notice in advance. During the Track Record Period, we had not breached any material term of the non-committing logistics service agreement.

Committing logistics service agreement

The committing logistics service agreement is legally-binding and is for a term of two years commencing from December 2014. Such agreement generally sets out the types of logistics services expected to be performed by us for our customer within the term of the agreement and the rates of our charges for each type of services, depending on the types of services provided by us. For instance, warehouse storage fee is calculated by a fixed price per cbm per week with a minimum charge of one week while labelling service is calculated by a fixed price per label with a minimum charge at a certain rate per job. We charge our customer a fee per month as minimum commitment under such agreement.

A three-month advance written notice is required for early termination of such logistics service agreement. There was no material price fluctuation in our ancillary logistics services during the Track Record Period.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue generated from our ancillary logistics services amounted to approximately HK$13.1 million, HK$19.5 million and HK$5.1 million, respectively, representing 7.3%, 9.3% and 10.9% of our total revenue, respectively.

OPERATIONS

Freight forwarding services

Price of cargo space

Cost of air cargo space charged by our airline partners generally comprise air freight charges, terminal handling charges, fuel surcharges and other miscellaneous items while cost of sea cargo space charged by our shipping liner partners generally comprise ocean freight charges, terminal handling charges and other miscellaneous items. Freight charges, terminal handling charges and fuel surcharges together constitute a significant part of the costs of air cargo space charged by our suppliers. Any change in external market conditions such as changes in fuel price will primarily have impact on freight charges and fuel surcharges which will in turn affect the costs of air and sea cargo space charged by our suppliers. Terminal handling charges are generally less responsive to changes in market conditions.

Similarly, price of air cargo space we sell to our customers comprises significant components such as air freight charges, terminal handling charges and fuel surcharges while price of sea cargo space we sell to our customers comprise significant components such as ocean freight charges and terminal handling charges. Price of sea cargo spaces we offer to our customers were generally less responsive to the decrease in cost of sea cargo spaces charged by our suppliers as compared to the decrease in price of air cargo space we offered to our customers in response to the decrease in cost of air cargo space charged by our suppliers. This allows us to capture a higher gross profit and profit margin attributable to our ocean freight services despite the overall decrease in price of sea cargo space charged by our shipping liner partners and the overall decrease in price of sea cargo space we sold to our customers for the year ended 31 December 2015. For details of the analysis of our results of operations, please refer to the paragraph headed "Financial Information — Discussion of certain key items in consolidated statements of profit or loss and other comprehensive income" in this prospectus.

Price of cargo space we sell to our customers are marked up at cost plus a target profit margin. For details of our pricing policy, please refer to the paragraph headed "Sales and marketing — Pricing policy" in this section. During the Track Record Period, there was an overall decrease in fuel price causing a drop in costs of cargo space charged by our suppliers. Price of cargo spaces we sold to our customers were adjusted downwards with reference to a drop in fuel price. Our Directors expect that price of cargo spaces we source and we sell will continue to be affected by external market conditions such as fuel price and global economic conditions.

Air freight and ocean freight charges

When cargo space is sold to freight forwarders, airlines typically charge freight forwarders the actual gross weight of the cargo or the minimum weight charged for a unit load device. A unit load device is a container of standard size and dimension which allows a large quantity of cargo to be bundled into a single standard unit for loading on to an aircraft. In order to maximise the utilisation of cargo space on an aircraft, individual cargo of varying sizes and dimensions are loaded on to a unit load device.

The size and dimension of a unit load device depends on the configuration of the aircraft which the unit load device will be loaded on to.

In ocean freight forwarding, shipping liners charge freight forwarders on the basis of the number of containers used. Depending on the individual vessel, shipping liners typically offer containers of different sizes ranging from 20 feet to 45 feet.

Consolidation of cargo space

Consolidation of cargo space is an essential part of the freight forwarding business. Consolidation is the process by which a number of consignments of goods of different weights, volumes and sizes are grouped together into a single consignment for carriage in order to maximise utilisation of cargo space on an aircraft or a vessel.

Our airline partners and shipping liner partners regularly provide us with their rate lists which are valid for a certain period of time (usually one month). A rate list contains the freight charges and other restrictions such as nature of cargo on certain routes operated by airlines or shipping liners. Once our customer confirms our quotation, we will lodge a booking request with our supplier. All booking requests are then passed on to our consolidation team who will process the booking requests and consolidate all those shipments which are capable of filling up all the empty cargo space of either a unit load device on an aircraft or a container on a vessel. The higher is the level of consolidation, the higher is the chance that we can maximise the utilisation of cargo space we have purchased before a scheduled flight or vessel departs, and the higher the chance we can maximise our profit. During the Track Record Period and as at the Latest Practicable Date, we were only committed to purchasing cargo space from one of our airline partners under the block space agreements we had entered into with such airline partner. There were no instances where we were unable to fully utilise the cargo space we have obtained from our airline partners and shipping liner partners such that we would have to on-sell our excess cargo space to other freight forwarders who act on behalf of their direct shipper customers resulting in co-loading with other freight forwarders. Excess cargo space on-sold to other freight forwarders are generally offered at more competitive prices in order to maximise the utilisation of cargo space. Similarly, we may source cargo space from other freight forwarders at favourable prices during the consolidation of their excess cargo space.

Co-loading with other freight forwarders

The practice of combining consignments from more than one shipper having the same destination in one unit load is known as co-loading. A unit load is a single unit consisting of individual items or items in shipping containers combined together. Co-loading allows freight forwarders to on-sell cargo space they have obtained from airlines or shipping liners which could not be filled up by their own direct shipper customers before a scheduled flight or the vessel departs. Cargo space obtained through co-loading are generally offered at more competitive prices in order to maximise utilisation of cargo space. By co-loading with other freight forwarders, on one hand we are able to obtain cargo space on specific routes at favourable prices and on the other hand, we are able to on-sell cargo space which we cannot fully utilise.

Customs declaration services

In respect of the customs declaration services, it is the primary responsibility of our customers to prepare proper documentation for the relevant customs declaration before the cargo is delivered to or exported out of Hong Kong. However, upon request by our customers, we may arrange cargo booking and assist our customers in preparing relevant customs declaration on their behalf. In this respect, our customers bear the primary responsibility to provide purchasing orders, commercial invoices or bills of lading as supporting documents for the contents of the cargos to us. Our staff will then conduct reasonable due diligence in preparing the customs declaration documents based on the material or information specified in the relevant supporting documents. We have internal procedures to counter-check the details of the customs declaration form prepared by our staff against the material or information specified in the supporting documents provided by our customers to avoid any clerical mistakes when filling out the form. We would not file any document if any doubt arises. To avoid any potential risk that the cargos may be damaged in the course of verification, it is our policy that we do not verify the description of the cargos against the actual physical contents of the cargos. As our customers shall verify the contents of the cargos before providing such supporting documents to us and we merely provide the services of filling out the declaration forms on their behalf, the primary legal responsibilities for the contents of the cargos rest upon our customers.

The following flow chart illustrates the process by which we fulfil our customers' booking requests for shipments exporting from Hong Kong:

Booking instructions	Our customer (direct shipper or freight forwarder customer) sends a booking instruction to us containing details of reservation space requirements such as shipping method, destination, preferred route, type, dimension, weight, measurement of consignment and expected date of arrival.
Quotation	We provide a quotation to our customer based on the rate lists provided by our suppliers including airline partners or shipping liner partners or other freight forwarders plus a certain profit margin.
Making a booking	Once our quotation is confirmed by our customer, we make a booking with our airline partner or shipping liner partner by lodging a standardised booking form containing details of our customer's booking. Depending on the needs of our customer, we offer ancillary logistics services before the consignment is loaded on to an aircraft or a vessel.
Consolidation/ Co-loading	Our consolidation team will gather and process all bookings made by our customer and where necessary consolidate cargo in warehouse from different customers in order to maximise utilisation of cargo space. Consolidation may or may not lead to co-loading of cargo space with other freight forwarders.
Issue of master airway bill/ master bill of lading	Once a booking is acknowledged by our airline partner or shipping liner partner, master airway bill (for shipment by air) or a master bill of lading (for shipment by sea) will be issued by our airline partner or shipping liner partner to us when the shipment is loaded on board.
Issue of invoice and house airway bill/ house bill of lading	Our documentation team will issue an invoice and a house airway bill or a house bill of lading to our customer on the date when shipment is loaded on board the departing aircraft or vessel, with a credit period ranging from 15 to 90 days.
Pre-alert	Our documentation team will send a full set of documents (including a copy of master airway bill or master bill of lading, house airway bill or house bill of lading) to the overseas freight forwarder agent for preparation of import customs clearance and cargo release to our consignee at destination.
Delivery	Our overseas freight forwarder partner or the consignee itself will then arrange for customs declaration and delivery will be made in accordance with the details listed on the airway bill or bill of lading.

Logistics services

The following flow chart illustrates the general process by which goods or consignments of our customers are handled in our warehouses:

Goods arriving at our warehouse	Goods of our customer are either delivered to our warehouse by our customer itself or through local delivery services provided by us through our business partner. Once the goods arrive at our warehouse, they are electronically recorded in our system and are then labelled and categorised by customer and type and subsequently shelved for storage.
Customised services	Once goods have been stored in our warehouse, there will be frequent communication between our customer and us so that our customer can provide detailed instructions to our staff on how it would like its goods to be handled based on its need. Customised logistics services such as repacking, labelling and palletising are then provided on an as-needed basis.
24-hour monitoring system	We operate a 24-hour online monitoring system which enables our customer to keep track of the goods stored in our warehouse. Our customer is provided with a unique username and password which can be used to login to our system 24 hours a day in order to keep track of the status of the goods stored or being processed by us.
Issue of invoice	Our logistics service department generally issue an invoice to our customer on a weekly or monthly basis along with attachments detailing the type of logistics services provided and the charge for the services provided based on the agreed chargeable rate.
Payment	Our customer makes arrangement to settle our invoice. We generally offer a credit period of 30 to 90 days to our customers.

SALES AND MARKETING

A majority of our customers are direct shipper customers. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue contributed by our direct shipper customers amounted to approximately HK$116.8 million, HK$142.8 million and HK$28.0 million, respectively, representing approximately 65.3%, 68.2% and 59.5% of our total revenue, respectively.

Our Directors believe that with the introduction of GSA arrangements into our freight forwarding business, our Group will be able to capture growth opportunities in our freight forwarding business. Our existing GSA arrangement allows us to obtain cargo space directly from our airline partner and sell or on-sell air cargo space on pre-determined routes operated by our airline partner from Hong Kong to Bangkok. Our Directors believe that such arrangement offers a cost-efficient way of strengthening our presence in Asia as, when compared to CSA arrangements, we do not have to invest substantial resources in marketing since customers typically obtain cargo space through us if they have to ship goods on specific routes operated by our airline partner which has entered into GSA agreements with us. In contrast, our Directors believe that competition among CSAs are more intense as there are generally more CSAs who have entered into CSA arrangements with the same airline who will then compete for the same target direct shipper customers. We therefore target to further expand our freight forwarding business by leveraging on our existing network to enter into more GSA arrangements with more airline partners to boost our sales performance.

Further, we will continue to enhance our sales and marketing effort in maintaining stable business relationship with our existing customers who are either direct shipper customers or freight forwarder customers. We target to diversify and expand our customer base by offering a wider portfolio of cargo routes for our customers through building a more extensive network of suppliers of cargo space on routes from Hong Kong to North America, South America and Europe, thereby boosting sales performance and fostering a more diversified customer network.

Pricing policy

Cargo space

Our quotations for cargo space sourced from our suppliers directly, or under CSA, GSA or block space arrangements, are determined by our sales team and are generally based on the rate lists provided by our suppliers plus a target profit margin. We take into account the following factors in determining our target profit margin and the final freight rates we charge our customers:

(a) type and value of consignments shipped;

(b) freight rates offered by our competitors;

(c) future business opportunity;

(d) reputation of the customer within the industry;

(e) cost of sales, including security charge, terminal charge and fuel surcharge;

(f) seasonality;

(g) level of acceptance of the current market rates for similar services;

(h) whether consolidation of cargo space or co-loading is possible; and

(i) volume of cargo space ordered.

Logistics services

Our charges for ancillary logistics services are determined by our sales team based on the costs of our services plus a target profit margin. Our target profit margin is determined based on the type of goods to be handled by us. For instance, we generally charge a higher rate for handling goods of a higher value as it would require a higher degree of care from our staff to handle such goods. We also charge a higher rate for palletising multiple goods of varying types from the same customer as this would normally involve more complex tasks and require more staff to handle. In general, we also take into account the volume of goods (calculated either by cbm or number of pieces) handled and offer discounts for high volume orders.

Sales staff

Our sales team, comprising a team of 12 members as at the Latest Practicable Date, is responsible for marketing the services of our Group to our customers in order to extend our sales network and customer base. Where appropriate, our sales team are encouraged to cross-sell our ancillary logistics services on top of the freight forwarding services we provide to those customers who require customised value-added services. Members of our sales team are capable of providing the most relevant up-to-date shipment information and advice on our capability to offer customised value-added logistics services thereby ensuring that we provide the most cost-effective way of delivering and handling our customers' goods as a one-stop service provider. Members of our sales teams are entitled to a basic salary and commission based on their performance. For the number of our sales staff as at 31 December 2014, 2015, 31 March 2016 and the Latest Practicable Date, please refer to the table setting forth a breakdown of our employees by function as at the relevant dates in the paragraph headed "Employees" in this section.

Seasonality

Demand for cargo space as well as ancillary logistics services is affected by seasonality factors. Our peak season is from April to May and August to January, which is driven by a higher demand for freight forwarding services before Christmas and before and after the Lunar New Year holidays. Our low season is from February to March and from June to July. We pride ourselves in our ability to maintain an extensive network of cargo space suppliers. We are therefore able to source cargo space for our customers when cargo space is high in demand. Through engaging our services, our customers are sheltered from huge fluctuation in freight rates and cargo space unavailability during peak seasons.

Advertising and promotion

We regularly place advertisements on shipping gazettes which provide comprehensive freight forwarding news and information for shippers, and freight forwarding and logistics service providers in Hong Kong. Our Directors believe that such advertisements provide an effective way of promoting the services of our Group, thereby boosting sales performance. We have been accredited with membership of IATA since 2015 and membership of WCA since 2012, both being recognised associations within the industry. Our Directors believe that by being part of two such powerful network of freight forwarders and other industry players, we are able to easily reach out to an extensive network of suppliers and customers, thereby potentially diversifying and enhancing our supplier and customer base. We also target to launch marketing and promotion campaigns in order to expose ourselves and reach out to a broader customers base in a hope to further boost our sales performance.

For details of our business strategies and future plans which further discuss our sales and marketing plans, please refer to the paragraph headed "Strengths, strategies and future plans — Business strategies and future plans" in this section and the section headed "Future Plans and Use of Proceeds" in this prospectus.

CUSTOMERS

We sell cargo space to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. During the Track Record Period, we had maintained business relationship with over 1,500 customers. Our five largest customers during the Track Record Period are direct shipper customers or other freight forwarders who act on behalf of their shipper customers. We have maintained business relationship with our five largest customers for the year ended 31 December 2015 for around five years on average and with our largest customer for the same period for more than five years. Our Directors have confirmed that none of our five largest customers during the Track Record Period are currently connected persons of our Company. In line with industry practice, we generally do not enter into any long-term agreement with our customers for our freight forwarding services and ancillary logistics services. We generally do not have any specific agreement with our customers on liability for damage of goods during transit or storage. We are not liable for any damage or loss to our customers' goods unless such damage or loss is caused by our negligence. Where we are liable for the damage or loss to our customers' goods, claims against us from our customers are covered by the insurance policies we maintain. For details of our insurance coverage, please refer to the paragraph headed "Insurance" in this section. During the Track Record Period, we did not encounter any incident relating to liability for damage of goods of a material nature. For details of the agreements we enter into with our customers, please refer to the paragraph headed "Our services" in this section.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue from rendering of services attributable to our largest customer amounted to approximately HK$20.1 million, HK$35.8 million and HK$5.7 million, respectively, representing approximately 11.2%, 17.1% and 12.1% of our total revenue from rendering of services, respectively, while our revenue from rendering of services attributable to our five largest customers in aggregate amounted to approximately HK$59.8 million, HK$84.8 million and HK$16.7 million, respectively, representing approximately 33.4%, 40.5% and 35.5% of our total revenue from rendering of services, respectively. We believe that any concentration risk among our five largest customers are not significant given their respective contribution to our total revenue. We are, however, susceptible to counterparty risks and are liable to pay for the cargo space we source under committed purchases from our suppliers if our customers fail to settle our invoices. For details of such risks, please refer to the paragraph headed "Risk Factors — Risks relating to our business — We are susceptible to counterparty risks and are liable to pay for the cargo space we source from our suppliers if our customers fail to settle our invoices" in this prospectus. For details of our committed purchases, please refer to the paragraph headed "Our services — Freight forwarding services" in this section.

Freight Concept Limited ("**Freight Concept**"), being a wholly-owned subsidiary of JFX Holding, was one of our five largest customers during the Track Record Period. Mr. Cheng disposed of the entire issued share capital of JFX Holding to an independent third party on 31 December 2015. Mr. Cheng ceased to be a director of Freight Concept on 18 February 2016. Save as disclosed above, none of our Directors, their close associates, or any Shareholder (which to the knowledge of our Directors owns more than 5% of the number of issued Share) has any interest in any of our five largest customers during the Track Record Period.

The following table sets forth the basic information on our five largest customers during the Track Record Period:

Five largest customers for the year ended 31 December 2014

Rank	Customer	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Revenue contributed *(HK$'000)*	Approximate % of our total revenue
1	Customer A	Manufacturer of lingerie, casual wear and swimwear	6	20,078	11.2
2	Freight Concept	Freight forwarder	6	19,796	11.1
3	Incipio	Manufacturer of mobile accessories and assortment of products relating to mobile products	5	11,347	6.3
4	Marine & Engineering Services Co. — MESCO	Freight forwarder	6	4,524	2.5
5	Alpha Start Limited	Manufacturer of knitted and crocheted fabrics	6	4,092	2.3
			Total:	59,837	33.4

Five largest customers for the year ended 31 December 2015

Rank	Customer	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Revenue contributed *(HK$'000)*	Approximate % of our total revenue
1	Incipio	Manufacturer of mobile accessories and assortment of products relating to mobile products	5	35,778	17.1
2	Customer A	Manufacturer of lingerie, casual wear and swimwear	6	19,880	9.5
3	Freight Concept	Freight forwarder	6	18,981	9.1
4	Victory City Company Limited	Manufacturer of knitted and crocheted fabrics	6	6,198	2.9
5	Evergood Trading Company	Manufacturer of knitted and crocheted fabrics	2	3,979	1.9
			Total:	84,816	40.5

Five largest customers for the three months ended 31 March 2016

Rank	Customer	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Revenue contributed *(HK$'000)*	Approximate % of our total revenue
1	Incipio	Manufacturer of mobile accessories and assortment of products relating to mobile products	5	5,701	12.1
2	Freight Concept	Freight Forwarder	6	4,395	9.3
3	Customer A	Manufacturer of lingerie, casual wear and swimwear	6	3,946	8.4
4	Victory City Company Limited	Manufacturer of knitted and crocheted fabrics	6	1,427	3.0
5	Marine & Engineering Services Co. — MESCO	Freight forwarder	6	1,256	2.7
			Total:	16,725	35.5

During the Track Record Period, Freight Concept, being one of our top five customers was also one of our suppliers of cargo space.

Prior to the disposal of the entire issued share capital of JFX Holding in December 2015, Freight Concept was indirectly wholly owned by Mr. Cheng. For details of such disposal, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation — Disposal of JFX Holding" in this prospectus. To the best knowledge of our Directors, (a) Freight Concept is a freight forwarder with a business focus on providing cargo space for customers on outbound routes from the PRC to various destinations worldwide including sourcing cargo space from us for their customers on outbound routes from Hong Kong to various destination worldwide; and (b) during the Track Record Period, Freight Concept mainly sourced cargo space from us for its direct shipper customers in the PRC who had shipping needs on outbound routes from Hong Kong to various destinations worldwide. On the other hand, we also sourced cargo space from Freight Concept during the Track Record Period for our direct shipper customers who had shipping needs on outbound routes from the PRC to Hong Kong. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue from rendering of services attributable to Freight Concept amounted to approximately HK$19.8 million, HK$19.0 million and HK$4.4 million, respectively, representing approximately 11.1%, 9.1% and 9.3% of our total revenue from rendering of services, respectively, while our purchases attributable to Freight Concept amounted to approximately HK$3.7 million, HK$2.3 million and HK$0.5 million, respectively, representing approximately 2.6%, 1.4% and 1.3% of our total cost of sales, respectively. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our gross profit attributable to sales to Freight Concept amounted to approximately HK$0.4 million, HK$0.4 million and HK$0.8 million, respectively.

During the Track Record Period, our Group's transactions with Freight Concept were conducted on arm's length basis, on normal commercial terms and in the ordinary course of business. We take into account various factors in determining our target profit margin. Gross profit margins generated from sales to Freight Concept of approximately 2.0% and 2.1% for the two years ended 31 December 2014 and 2015 were relatively lower compared with the average gross profit margin of our Group during the Track Record Period. This was attributable to a lower target gross profit margin determined by our management taking into account the fact that (a) Freight Concept was part of our Group before the disposal of JFX Holding on 31 December 2015; (b) Freight Concept bore part of the expenses of our Group which were related to the business with Freight Concept; and (c) we did not need to incur much operating Expenses (as defined below) in maintaining a stable business relationship with Freight Concept. In view of this, our Directors are of the view that the cost plus approach shall cover our Group's costs in operating Freight Concept with a commercially reasonable profit, and thus the lower gross profit margin and net profit margin derived from Freight Concept than other independent customers are justifiable and on normal commercial terms. For the two years ended 31 December 2014 and 2015, the net profit before tax of our Group were approximately HK$11.1 million and HK$16.3 million, respectively, while the net profit before tax attributable to Freight Concept were approximately HK$0.4 million for both periods. The average net profit margin of our Group without taking into account transactions with Freight Concept were approximately 7% and 8%, respectively, while the net profit margin attributable to Freight Concept were approximately 2% for both periods. The difference in net profit margins was not as significant as the difference in gross profit margins between those generated from Freight Concept and the average margins of our Group was attributable to cost incurred by Freight Concept as a result of reallocation treatment of operating expenses which primarily consist of (a) salary expenses; (b) rent and rates; (c) commission; (d) motor vehicle expenses; and (e) entertainment expenses for the year ended 31 December 2014, and primarily consist of (a) salary expenses; (b) rent and rates; (c) insurance; (d) advertising expenses; and (e) entertainment expenses ("**Expenses**") for the year ended 31 December 2015. The difference in net profit margins generated from Freight Concept and the average net profit margin of our Group was justified on the basis that our Group did not have to put in considerable financial and human resources in maintaining stable business relationship with Freight Concept or its direct shipper customers. Whenever a direct shipper customer approaches Freight Concept to source cargo space for export shipments on routes from Hong Kong to other parts of the world, it is commercially reasonable for Freight Concept to source cargo space directly from our Group rather than through other freight forwarders. In contrast, we have to put in more financial and human resources in maintaining business relationship with our direct shipper customers (i.e. non-freight forwarder customers such as Customer A and Incipio) to compete with other freight forwarders. In addition, the transaction volume generated from Freight Concept benefits us from economies of scale to share our fixed overhead expenses. This further justifies such net profit margin given that Freight Concept was one of our Group's five largest customers in terms of revenue contribution for the two years ended 31 December 2014 and 2015, contributing approximately 11.1% and 9.1% of our Group's total revenue, respectively. For the three months ended 31 March 2016, gross profit margin attributable to Freight Concept was approximately 18.2%, which was in line with gross profit margin of our freight forwarding segment of approximately 21.1% for the same period.

In addition, one of our major customers (not being one of our top five customers during the Track Record Period) was also one of our major suppliers (not being one of our top five suppliers during the Track Record Period) of cargo space during the same period. To the best knowledge of our Directors, such customer is a freight forwarder based in Bangladesh with a business focus on sourcing cargo space for its customers on inbound routes to Bangladesh. While such customer relied on our Group as a source of cargo space for its shipper customers on outbound routes from Hong Kong to Bangladesh, we purchased their local delivery and cargo handling services for our direct shipper customers when goods of our direct shipper customers arrive at Bangladesh. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue from rendering of services attributable to such customer amounted to approximately HK$3.5 million, HK$3.3 million and HK$0.5 million, respectively, representing approximately 2.0%, 1.6% and 1.1% of our total revenue from rendering of services, respectively, while our purchases attributable to such customer amounted to approximately HK$5.0 million, HK$4.9 million and HK$1.2 million, respectively, representing approximately 3.5%, 3.0% and 3.2% of our total cost of sales, respectively. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our gross profit attributable to sales to such customer amounted to approximately HK$0.8 million, HK$0.8 million and HK$0.1 million, respectively.

Credit policy

During the Track Record Period, the credit period granted to our direct customers and freight forwarder customers generally ranged from 15 to 90 days. We determine the credit period granted to our customers on a case-by-case basis with reference to factors including (a) length of business relationship with the customer; (b) the customer's reputation; and (c) the customer's payment history. We generally do not grant any credit term to our new customers and require them to settle our invoices at the time of making a booking for cargo space or when requesting for our logistics services. After conducting transactions with us for a certain period of time, our customers sometimes request for a credit review in order to obtain credit limit and credit period from us. Under such circumstances, our sales representative would tender a credit application form signed by our customer and a credit assessment form detailing the basic information of the customer such as the type of services the customer had previously engaged us for and the length of business relationship with such new customer to our sales department which will then be passed to our management team for approval. Where public information is available, details of growth in sales attributable to such customer and liquidity position are also included in the credit assessment form to assist our management team in assessing the credit rating of such customer. Our sales department will determine the credit term and credit limit to be granted to such customer which will then be approved by our management. Our management will determine the credit period and credit limit to be granted to our customer with reference to the factors aforementioned. We present our invoices to our customers when cargo is loaded and our invoices are generally settled by cheque payments in either HKD or USD.

Bank guarantees and cash deposits

Similar to our suppliers of cargo space, as a GSA of our airline partner, we require our customers to provide bank guarantees in favour of our Group or make cash deposits into our Group's bank account to secure purchases of cargo space when our customers purchase cargo space on routes operated by our airline partner which has entered into GSA agreement with us. We do not require our other customers or customers who make payment for cargo space in advance before delivery to provide cash or bank guarantees.

During the Track Record Period, we did not require our customers to provide bank guarantees in favour of our Group nor make cash deposits into our Group's bank account. As at the Latest Practicable Date, the aggregate bank guarantees provided by our customers in favour of our Group amounted to HK$800,000 while cash deposits made into our Group's bank account amounted to HK$150,000, as a result of the commencement of our GSA arrangements with our airline partner in December 2015. Our Directors have confirmed that during the Track Record Period and as at the Latest Practicable Date, no enforcement of bank guarantees were made against our customers.

Customer services

Our customer service department handles customer general enquiries, complaints and feedback. Potential customers mainly come into contact with us through referrals by our existing customers or through making general enquiries. During the Track Record Period, we did not receive any complaint or claim for damages of a material nature from our customers.

SUPPLIERS

We purchase cargo space from airlines, shipping liners or other freight forwarders. During the Track Record Period, we had maintained business relationship with over 400 suppliers. Our five largest suppliers during the Track Record Period in terms of cost of sales are airlines, shipping liners or other freight forwarders. We have maintained business relationship with our five largest suppliers for the year ended 31 December 2015 for around six years on average and with our largest supplier for the same period for more than nine years. Our Directors have confirmed that none of our five largest suppliers during the Track Record Period are connected persons of our Company.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our purchases attributable to our largest supplier amounted to approximately HK$14.9 million, HK$17.6 million and HK$3.6 million, respectively, representing approximately 10.4%, 10.6% and 9.6% of our total cost of sales, respectively, while our purchases attributable to our five largest suppliers in aggregate amounted to approximately HK$49.8 million, HK$59.4 million and HK$14.7 million, respectively, representing approximately 34.7%, 35.8% and 39.6% of our total cost of sales, respectively. We believe that any concentration risk among our five largest suppliers is not significant given their respective contribution to our total cost of sales. None of our Directors, their close associates, or any Shareholder (which to the knowledge of our Directors owns more than 5% of the number of issued Share) has any interest in any of our five largest suppliers during the Track Record Period.

Hanjin Shipping Co. Ltd. ("**Hanjin**"), one of the largest global container carrier, filed for bankruptcy protection in South Korea in August 2016 with the South Korean government. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our purchases attributable to Hanjin amounted to approximately HK$1.2 million, HK$0.4 million and HK$51,470, respectively, representing approximately 0.8%, 0.2% and 0.1% of our total cost of sales, respectively. All purchases attributable to Hanjin had been paid up prior to the time when the aforesaid bankruptcy protection was filed. Given that the purchases from Hanjin were insignificant and on a decreasing trend and that there were no outstanding amounts owing to Hanjin as at the Latest Practicable Date, our Directors consider that there is no material adverse impact on our Group which may be imposed by the aforesaid filing of bankruptcy protection by Hanjin.

The following table sets forth the basic information on our five largest suppliers during the Track Record Period:

Five largest suppliers for the year ended 31 December 2014

Rank	Supplier	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Cost of sales	Approximate % of our total cost of sales
				(HK$'000)	
1	Supplier A	Regional airline	5	14,861	10.4
2	Supplier B	International shipping liner	5	13,990	9.8
3	Supplier C	Freight forwarder	4	8,194	5.7
4	Supplier D	International airline	9	7,263	5.0
5	Supplier E	Freight forwarder	6	5,482	3.8
			Total:	49,790	34.7

Five largest suppliers for the year ended 31 December 2015

Rank	Supplier	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Cost of sales	Approximate % of our total cost of sales
				(HK$'000)	
1	Supplier D	International airline	9	17,633	10.6
2	Supplier F	International shipping liner	6	11,689	7.0
3	Supplier B	International shipping liner	5	11,438	6.9
4	Supplier G	Freight forwarder	5	9,510	5.8
5	Supplier C	Freight forwarder	4	9,126	5.5
			Total:	59,396	35.8

Five largest suppliers for the three months ended 31 March 2016

Rank	Supplier	Background	Approximate years of business relationship with our Group as at the Latest Practicable Date	Cost of sales *(HK$'000)*	Approximate % of our total cost of sales
1	Supplier H	Regional airline	0.3	3,585	9.6
2	Supplier A	Regional airline	5	3,545	9.5
3	Supplier F	International shipping liner	6	2,886	7.8
4	Supplier B	International shipping liner	5	2,415	6.5
5	Supplier D	International airline	9	2,303	6.2
			Total:	14,734	39.6

We generally do not enter into any long-term agreement with our suppliers. As at the Latest Practicable Date, we had entered into one long-term legally binding GSA agreement with a regional airline based in Thailand (Supplier H) under which we are acting as its GSA in Hong Kong. The agreement is for a term of five years commencing in December 2015. Under the GSA agreement, we act as the sales agent of our airline partner in Hong Kong for air cargo space on outbound routes operated by it from Hong Kong to Bangkok. We are not committed to purchasing any minimum air cargo space on the routes operated by our airline partner. Supplier H has since March 2016 suspended all its flights between Hong Kong and Bangkok, which was the only route on which we sourced cargo space from such airline partner, having announced that the flights they operate have mechanical problems. For details of the terms of the GSA agreement, the CSA agreements or blocks space agreements we enter into with our airline partners, and the suspension of flights operated by Supplier H, please refer to the paragraph headed "Our services — Freight forwarding services" in this section.

Bank guarantees and cash deposits

It is common practice within the industry for freight forwarders to provide bank guarantees or cash deposits in favour of airlines or shipping liners to secure purchases of cargo space. Bank guarantees are provided by our principal banks which would in turn require collaterals such as mortgage over properties or bank deposits to be pledged in favour of our banks.

The requirement for bank guarantees or cash deposits to secure the performance of our obligations in favour of our suppliers varies across different suppliers. Generally, where a bank guarantee or a cash deposit is provided, our suppliers shall have the right from time to time by giving notice in writing to require us to increase the amount of guarantee if the cargo space sold by us (calculated by gross amount of sales in any month) shall be greater than the existing guarantee sum.

As at 31 December 2014 and 2015 and 31 March 2016, the aggregate bank guarantees provided by us in favour of our suppliers were approximately HK$7.7 million, HK$5.1 million and HK$5.7 million, respectively, while the aggregate cash deposits made by our Group as at the same dates amounted to nil, approximately HK$3.0 million and HK$3.0 million, respectively. The cash deposits in the sum of approximately HK$3.0 million, which was determined based on arm's length negotiation between the parties with reference to, among others, credit terms, frequency of settlement and expected shipment volume under the GSA agreement, and was on normal commercial terms, was made in favour of our Thailand based airline partner (Supplier H) under the GSA agreement since December 2015. Our Directors have confirmed that during the Track Record Period and as at the Latest Practicable Date, no enforcement of bank guarantees were made by our suppliers against us.

During the Track Record Period, the credit period granted by airlines, shipping liners and other freight forwarders suppliers generally ranged from 15 to 30 days. The purchase prices of cargo space are usually settled by cheque payments.

During the Track Record period, we did not receive any complaint of a material nature from our suppliers.

MARKET AND COMPETITION

Market

We operate in the integrated logistics services industry. Integrated logistics refers to the process of planning, implementing and controlling the movement and storage of goods (including raw materials, goods in progress and finished goods), services and related information from the point of origin to the point of consumption. Major activities within the industry include freight transport, freight forwarding, storage, postal and courier services.

The integrated logistics services industry in Hong Kong developed early and reached a relatively mature status with strong infrastructure and well-established systems. The industry has served as one of the driving forces of Hong Kong's economic growth for years. Nowadays, it is expected that service providers who are capable of integrating different modules of services and playing multi-fold roles within the industry are becoming increasingly competitive and preferred.

Competition

The market we operate in is highly fragmented and can be segmented based on major industry grouping, with key groups including air and sea cargo forwarding services, freight transportation, courier activities, warehousing and storage, and other logistics services, which typically include mid-stream operation and container back-up activities, service activities incidental to freight transportations, packing and crating services, cargo inspection, sampling and weighing services, and others. The industry has been seeing forwarders in the industry responding to market needs by providing more value-added services. Leading players are becoming more capable of offering a full range of transportation and logistics services to the customers and serve as integrated logistics solution providers.

The key success factors in the industry include (a) maintaining reputation; (b) developing a strong and extensive network; (c) strong capital support; and (d) possessing operational experience and management capability.

For details of the market in which we operate and the competition we face, please refer to the section headed "Industry Overview" in this prospectus.

Sustainability of our business

Although we operate in a highly fragmented market where competition is fierce and market conditions are constantly changing, our Directors believe our business is sustainable based on the following reasons:

Our established track record and ability to understand and adapt to our customers' needs

An established track record of over 25 years is one of our competitive strengths to compete with other players within the industry. Our Directors believe that we are, and have always been, capable of understanding and adapting our customers' needs. We have since 2005 recognised the business opportunity to attract customers who require customised value-added services by integrating different modules of services. We have therefore developed our logistics services segment since 2005 and integrated such services into our core freight forwarding services. During the Track Record Period, revenue from our logistics services experienced a significant growth of approximately 48.9% from approximately HK$13.1 million for the year ended 31 December 2014 to approximately HK$19.5 million for the year ended 31 December 2015 and of approximately 59.4% from approximately HK$3.2 million for the three months ended 31 March 2015 to HK$5.1 million for the three months ended 31 March 2016. Our Directors anticipate that provision of logistics services ancillary to freight forwarding services will become a trend among freight forwarders and is a key factor for Tier 2 freight forwarders to compete for customers. Apart from using the proceeds from the Listing for further developing our core freight forwarding business, part of our future plan is to further develop our logistics business to strengthen our reputation and encourage returning customers. As a freight forwarder who is capable of integrating different modules of services to adapt to our customers' needs, our logistics services segment is a competitive edge to compete with industry players of similar size and even with Tier 1 players who generally prefer large orders for management and cost efficiency and who are less flexible for handling order-based customisation. Our top five customers who repeatedly engaged us for both our freight forwarding and ancillary logistics services during the Track Record Period further demonstrates our success in integrating our ancillary logistics segment into our core freight forwarding segment.

Stable business relationship with our customers

While it is an industry practice for customers not to enter into long-term agreements with freight forwarders, we continue to establish long-term stable business relationship with our customers. We have maintained business relationship with our five largest customers for the year ended 31 December 2015 for around five years on average and with our largest customer for the same period for more than five years. Nonetheless, for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our gross profit margin for our freight forwarding segment stood at approximately 18.5%, 19.8% and 21.1%, respectively, while our gross profit margin for our logistics segment for the same periods stood at approximately 35.6%, 31.1% and 19.6%, respectively. We experienced a decline in our average selling price of cargo space during the Track Record Period as a result of a drop in fuel price. Nevertheless, cost of cargo space charged by our suppliers also decreased at a faster rate as a result of a drop in fuel price during the Track Record Period, allowing us to maintain our gross profit margins during the same period. Our Directors believe that our business relationship with Incipio can sustain in the foreseeable future. As set out in the paragraph headed "Our services — Logistics services — Non-committing logistics service agreement" in this section, we had entered into a non-committing, and non-legally binding logistics service framework agreement with Incipio for a term of four years commencing from January 2016. The agreement provides the rate of our charges for various logistics services we provide to Incipio during the term of the agreement. As we generally do not enter into long-term logistics service agreements with our customers, our Directors believe that the entering into of the logistics service framework agreement is an indication of Incipio's satisfaction of the services (notably our one-stop freight forwarding and ancillary logistics services) we provide to them and its intention to establish long-term business relationship with us. In anticipation of the increasing sales volume with Incipio, we intend to reserve our new warehouse in Tsing Yi, being our largest warehouse covering a gross floor area of over 35,000 sq.ft., primarily for performing logistics services for Incipio. Our Directors are therefore positive about our future business relationship with Incipio. Despite intense competition within the market, we were able to maintain our gross profit margins for our freight forwarding segment during the Track Record Period primarily as a result of our performance in generating revenue from export shipments to Bangladesh. Revenue generated from export shipments to Bangladesh increased by approximately 17.0% from approximately HK$67.7 million for the year ended 31 December 2014 to approximately HK$79.2 million for the year ended 31 December 2015, while it decreased slightly by approximately 5.3% from approximately HK$16.9 million for the three months ended 31 March 2015 to approximately HK$16.0 million for the three months ended 31 March 2016. Our performance in providing freight forwarding service for shipments to and from Bangladesh was attributable to lower rates offered by our suppliers on this route as compared to the public rates offered to other freight forwarders. In addition, we were able to maintain our gross profit margins for our logistics segment for the two years ended 31 December 2014 and 2015 primarily attributable to the increase in revenue for providing logistics services to Incipio, our largest customer in terms of revenue contribution for the year ended 31 December 2015 (who is also ranked third in terms of revenue contribution for the year ended 31 December 2014). This demonstrates that we are capable of competing with other industry players for customers, not entirely on price, which is typical among other small- and medium-sized players, but on the services we perform. Our gross profit margin decreased for the three months ended 31 March 2016. This was primarily attributable to (a) the commencement of the tenancy of our new warehouse in Tsing Yi in January 2016 at a monthly rental of approximately HK$0.4 million; and (b) the general seasonal factor due to the intervening Lunar New Year holidays in February 2016. As such, our Directors expect that after the utilisation of our new warehouse in Tsing Yi has been further improved, our gross profit margin for our logistics segment will increase. Revenue from our logistics segment accounted for approximately 7.3% of our total revenue for the year ended 31 December 2014, approximately 9.3% for the year ended 31 December 2015 and approximately 10.9% for the three months ended 31 March 2016. With such an increase in significance throughout the Track Record Period, our Directors anticipate that our logistics segment will continue to play a vital role in our business in complementing our core freight forwarding segment and creating synergy.

Air and ocean freight forwarding services markets are expected to rebound

Price indices of air freight forwarding and ocean freight forwarding decreased significantly from 2010 to 2015, primarily due to the relatively weak market performance, stiff price competition among both carriers and freight forwarders and the significant decrease in fuel prices. Nonetheless, air and ocean freight forwarding services markets are expected to remain relatively stable in short term from six months to one year and gradually rebound on the bases that (a) the world economy will gradually recover; (b) monetary policies will stabilise; (c) supportive policies of the PRC's 13th Five-Year Plan and the Guideline on Promoting Cooperation within Pan-Pearl-River Delta Region (國務院關於深化泛珠三角區域合作的指導意見) will be implemented; (d) fuel prices will gradually recover; and (e) the freight forwarding industry will undergo market consolidation.

The recovery of world economy is expected to energise global trade with increases in trade volume and value and Hong Kong's integrated logistics services market is expected to significantly benefit therefrom in light of its crucial position in the global logistics network. According to the F&S Report, Hong Kong as one of the world's major free ports, plays a key role in global logistics network based on its location advantage as well as its well-established logistics infrastructure and system. Hong Kong connects to the PRC in the North, the Pacific Ocean in the East, Southeast and South Asia in the South and the Indian Ocean in the West, and serves as a transport hub for the Asia-Pacific region. Meanwhile, Hong Kong is the shipping highway for European and African countries to Southeast and South Asia and the transit port between the U.S. and Southeast and South Asia. In addition, Hong Kong is the pivotal gateway for Europe and the U.S. to the PRC and it has become the major bridge connecting developed economies and the PRC. After decades of development, Hong Kong has become one of the busiest ports for both air and sea cargo transport. In 2015, Hong Kong ranked first worldwide in terms of airport cargo throughput and fifth in terms of port container throughput, demonstrating its crucial position in global trade and logistics. Therefore, the recovery of the world economy which energises global trade is expected to help the rebound of external merchandise trade of Hong Kong, the performance of which is closely associated with the development of the integrated logistics services market.

The PRC government has been providing policy support to facilitate sustainable economic vitality of Hong Kong, strengthening its status as one of the world's most important logistics hub, primarily through more close and all-rounded cooperation between the PRC and Hong Kong. In March 2015, the PRC National Development and Reform Commission, Ministry of Foreign Affairs and the Ministry of Commerce released the "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road" with the purposes of improving all-rounded cooperative relationship between the PRC and the two special administrative regions and helping maintaining long-term prosperity of Hong Kong and Macau. In March 2016, the PRC State Council released a guideline on promoting cooperation within the Pan-Pearl-River Delta Region, which includes provincial regions, and Hong Kong and Macau. The region covers around one-third of the country's population, more than one-third of the country's total economic value, and around 50% of the PRC's total merchandise trading volume and value in 2015. Meanwhile, it demonstrates tremendous economic vitality and potential for growth. The guideline proposed the integration of major infrastructure and the unification of market conditions across the region. Logistics market and infrastructure are among the key fields of the planning. Specifically, the guideline encourages the development of multimodal transportation infrastructure and relevant operators and the unification of standards and rules of services, based on which cross-region access is better facilitated and Hong Kong becomes a more extensively connected node. Hong Kong is thus likely to be able to better leverage its role as a key logistics hub connecting the PRC with the rest of the world for external merchandise trade. Also, the guidelines proposed the acceleration of the construction of regional intelligent logistics networks that well cover Southeast Asia and South Asia regions, promoting information interchangeability among different modes of transport and along regional logistics value chain. Hong Kong as a well-established transport hub connecting the PRC with Southeast and South Asia regions, is expected to benefit from the further configuration of such infrastructure and system and play a more important role in cross-region trade and logistics. In addition to the integration of logistics infrastructure, the guideline proposed that relevant restrictions and red tape on investments between the PRC and the two special administrative regions be eased. The above are all likely to stimulate increase in external merchandise trade volume and value of Hong Kong, and hence energise the integrated logistics services market, including freight forwarding as a key service element.

In addition, fuel prices have impacts on the integrated logistics services market as a key cost for carriers, who are upstream suppliers for freight forwarders. The drop in fuel prices is one of the key reasons driving down the price rates of air and ocean freight forwarding services in Hong Kong. A rebound in fuel price is thus considered to be helpful in the rebound of freight forwarding service rates.

Currently, the freight forwarding market in Hong Kong is still highly fragmented with hundreds of players, a large proportion of which are small- and medium-sized players. Market consolidation is expected to foster a more healthier development environment for the industry, as price competition among both carriers and forwarders, especially small- and medium-sized ones, is one of the key reasons driving down the service prices. Meanwhile, consolidation is likely to provide stronger players with opportunities for merger and acquisition. These players are likely to be able to further enhance their competitiveness based on the integration of strengths and a forward step in the realisation of economies of scale which allow them to lower their cost. With less price competition, companies are able to have more resources to invest on better service to customers. With upgrades in technologies and systems, the market is expected to observe overall evolution and development.

In spite of the decrease in value of Hong Kong's re-export of ten principal commodity divisions in 2015, value of Hong Kong's re-export merchandise trade by air recorded a CAGR of approximately 7.2% from 2010 to 2015 while its import merchandise trade by air recorded a CAGR of approximately 4.7%. In addition, Hong Kong's overall imports and exports of merchandise trade are expected to rebound at a relatively mild pace with an estimated CAGR of approximately 2% from 2015 to 2020, according to the F&S Report. Our Directors also expect that the effect of relocation of factories from Southern PRC to Northern PRC for reduction of operating costs will be mitigated by the increase in trade activity in Southeast and South Asia, which is fast emerging as a region with the potential to become another global manufacturing hub. According to the F&S Report, Hong Kong's freight forwarding services market is likely to benefit from this development due to its location advantage as well as its high level of sophistication and maturity as a logistics hub, especially when compared with logistics market in other developing Asian markets.

Further, according to the F&S Report, the CAGRs of Asian countries such as Thailand, Bangladesh, Vietnam, Sri Lanka and Cambodia have been on an increasing trend and it is expected that their respective CAGRs will continue to grow in the coming years. For details, please refer to the section headed "Industry Overview — Nominal GDP of selected Asian countries" in this prospectus. Given our strategic focus on providing freight forwarding services for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand, our Directors believe that our Group could benefit from the rapid growth in economy in the aforesaid Asian countries.

We are able to achieve growth amid the weakened air and ocean freight forwarding services markets

While cargo throughput and container throughput dropped from 2010 to 2015, with an estimated CAGR of approximately -0.9% and -3.3%, respectively, showing that Hong Kong's position as a transfer port is being weakened with the development of the PRC shipping industry, air cargo throughput of Hong Kong International Airport increased from approximately 4.1 million tonnes in 2010 to approximately 4.4 million tonnes in 2015 with a CAGR of approximately 1.2%. Notably, Hong Kong International Airport ranked 1st in terms of air cargo throughput in 2015, leading its counterpart Dubai

International Airport significantly. Our Directors believe that in terms of cargo throughput, the impact of the drop in ocean cargo throughput and container throughput on the overall freight forwarding market is mitigated by the growth in air cargo throughput.

Our Directors believe that the impact of the weakened ocean freight forwarding market on our Group is partly mitigated by our performance in our air freight forwarding segment and logistics segment. Revenue from our ocean freight forwarding segment accounted for approximately 52.1% of our total revenue for the year ended 31 December 2014 while it accounted for only approximately 42.0% of our total revenue for the year ended 31 December 2015 and approximately 40.7% of our total revenue for the three months ended 31 March 2016, primarily attributable to the increase in revenue from our air freight forwarding segment and logistics segment. This demonstrates our ability to achieve growth amid the weakened freight forwarding services market by integrating different modules of services in response to changing market conditions.

We are inter-dependent with Freight Concept, our top five customer

Freight Concept is one of our five largest customers during the Track Record Period, contributing approximately 11.1%, 9.1% and 9.3% of our total revenue for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, respectively. Freight Concept has ceased to be a related party of our Group since February 2016. While we sourced cargo space from Freight Concept on outbound routes from PRC to Hong Kong, Freight Concept also sourced cargo space from us on outbound routes from Hong Kong to various destinations worldwide during the Track Record Period. For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, our revenue attributable to rendering of services to Freight Concept amounted to approximately HK$19.8 million, HK$19.0 million and HK$4.4 million, respectively, while our purchases attributable to Freight Concept amounted to approximately HK$3.7 million, HK$2.3 million and HK$0.5 million, respectively. Apart from being our related party prior to February 2016, Freight Concept has maintained a stable business relationship with our Group for over six years. Further, after Freight Concept ceased to be our related party on 18 February 2016, out of the revenue attributable to Freight Concept in the amount of approximately HK$4.4 million for the three months ended 31 March 2016, approximately HK$1.6 million were generated after 18 February 2016. For details, please refer to note 30 to the Accountants' Report set out in Appendix I to this prospectus. To the best of our Directors' knowledge, Freight Concept remained as one of our top five customers after February 2016 and up to the Latest Practicable Date. Our Directors believe that the business relationship between our Group and Freight Concept are complementary in nature and based on our business relationship with Freight Concept after 18 February 2016, our Directors do not foresee that either party will cease the current business relationship with each other in the near future.

We strive to minimise the impact on our Group should our business relationship with any of our top five customers deteriorate

For the two years ended 31 December 2014 and 2015, our total revenue amounted to approximately HK$178.9 million and HK$209.3 million, respectively, representing a growth of approximately 17.0%. For the three months ended 31 March 2015 and 2016, our total revenue amounted to approximately HK$43.9 million and HK$47.0 million, respectively, representing a growth of approximately 7.1%. While such growth was primarily attributable to the significant increase in sales to Incipio as a result of its expansion plan, our Group would still be able to achieve growth of approximately 3.5% and 5.8%, respectively, amid the weakened freight forwarding services market in 2015 and 2016 without taking into account sales to Incipio during the Track Record Period. We strive to diversify our customer base to minimise the impact on our Group in the unlikely event our business relationship with any of our top five customers deteriorates. We target to further develop our freight forwarding business and logistics business by utilising proceeds from the Listing to strengthen our customer base. During the Track Record Period, we did not significantly rely on any single customer as source of revenue. Each of our top five customers during the Track Record Period contributed less than 20% of our total revenue for each of the two years ended 31 December 2014 and 2015 and less than 20% of our total revenue for the three months ended 31 March 2016, with our five largest customers for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 contributing total revenue of approximately 33.4%, 40.5% and 35.5%, respectively. Our Directors believe that such proportion represents a healthy spread of revenue source among our five largest customers and demonstrates our ability to minimise the impact on our Group should any one of our significant customers discontinue their business relationship with us. Our Directors are confident that by maintaining stable business relationship with our customers on one hand, and by strengthening and diversifying our customer base on the other, we are able to achieve sustainable growth.

We benefit from the future opportunities of the freight forwarding services market and its high entry barriers

According to the F&S Report, Hong Kong's freight forwarding market is expected to benefit from, among others, (a) further opening-up of the Chinese economy and development of external merchandise trade; (b) Southeast and South Asia's rising importance in global manufacturing industry; (c) market consolidation; and (d) information technology development and enhancement in efficiency. Leveraging on our competitive strengths to capture future business opportunities, our Directors believe we will continue to benefit from the high entry barriers to the freight forwarding services market, including the ability to maintain (a) solid reputation through providing satisfying services and experience to customers; (b) network and scale of operations in order to source cargo space at favourable prices; (c) flexibility and operational experience to penetrate as a Tier 2 player in the industry; (d) integration capability in providing value-added services to survive through competition; and (e) strong capital support for providing bank guarantees or cash deposits to secure purchases of cargo space from airlines and shipping liners. For details of the future opportunities and entry barriers of the freight forwarding services market, please refer to the section headed "Industry Overview" in this prospectus.

Based on the above, our Directors are of the view that our Group's business model is sustainable.

INFORMATION TECHNOLOGY

We rely on information technology to maintain our electronic system and database in the course of our business operations. We pride ourselves in our ability to provide in-house customised electronic systems and a user-friendly interface for our customers to login our system and check information of their freight bookings or cargo information 24 hours a day. During the Track Record Period and up to the Latest Practicable Date, we did not experience any failure in our information system which caused material disruptions to our business operations.

Freight operations system

Our freight operations system allows our customers to login our system online to review details of their cargo space bookings made with us such as (a) shipper; (b) consignee; (c) carrier; (d) destination; (e) estimated time of arrival; (f) handling date; (g) volume of goods handled in terms of kg or cbm; and (h) number of packages so as to have live update 24 hours a day of any change in the above information.

Warehouse management system

We practise effective inbound package management by labelling all packages received with our in-house labels. Our in-house labels contain details of the package alongside a two-dimensional barcode which will help us electronically record the status of a particular package by using our wireless inbound scanners. Similar to our freight operations system, our warehouse management system allows our customers to login our system online to retrieve an inventory report containing details and status of the goods stored at our warehouses such as (a) the date on which a particular batch of goods is delivered to our warehouse; (b) the cbm of each unit of goods; (c) the gross weight of each unit of goods; (d) the dimensions of each unit of goods; and (e) the quantity of goods that is being processed by us.

The photograph above shows our staff using a wireless inbound scanner at our warehouse.

We are, however, susceptible to risk relating to failure of our electronic system and database. For details of such risk, please refer to the paragraph headed "Risk Factors — Risks relating to our business — If we are unable to promptly recover our electronic system and database when they fail to operate properly, our reputation, business and operations could be adversely affected" in this prospectus. To manage such risk, we have in place a full-time information technology service manager who is responsible for monitoring our system. We also have a defined and understood process for acquisition and maintenance of application software in order to manage our freight operations system, warehouse management system and office applications in a controlled manner. Such defined process is aligned with our information technology and business strategy. We apply our documented processes consistently across different applications and projects. Our maintenance activities are planned, scheduled and coordinated. Further, we have a well defined policy in relation to backups, activities logging, virus control and contingency measures. Repeatable functions such as backups and system monitory are well managed by our information technology personnel. Our information technology is properly protected and firewalls are implemented in order to secure internal networks. We believe that by maintaining such information technology control, we are able to minimise the risk of system failure during the course of our business operations and provide a secure and efficient electronic data exchange environment. We will continue to improve our information technology system in order to serve a larger customer base in response to the growth in our business in the long run.

AWARDS, MEMBERSHIPS AND RECOGNITIONS

Our established track record of over 25 years in serving the freight forwarding industry and our responsive and quality services are well-recognised in the industry. The following table sets forth our major awards, memberships and recognitions:

Period/ year of award	Awarding organisation	Certification/award	Recipient
2016–2017	WCA	Certificate of membership	Janco Global Logistics
2012–2015	WCA	Certificate of membership	JFXL*(Note)*
2015–2016	IATA	Certificate of registration in meeting professional standards of IATA to promote, sell and handle international air cargo transportation	Janco Global Logistics
2004–2014	IATA	Certificate of registration in meeting professional standards of IATA to promote, sell and handle international air cargo transportation	JFXL*(Note)*
2013	Hong Kong Airlines Cargo	Top Agent Emerald Award	JFXL*(Note)*
2012	Etihad Cargo	Top Customer Award	JFXL*(Note)*
2011	Cathay Pacific Cargo and Dragonair Cargo	Outstanding Route Performance Award	JFXL*(Note)*

Note: All freight forwarding business in Hong Kong was transferred from JFXL to Janco Global Logistics in June 2015 under the Business Transfer. For details, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation — Business Transfer" in this prospectus.

INSURANCE

As discussed in the paragraph headed "Customers" in this section, where goods are damaged while they are stored at our warehouses or while being handled by us during transportation, we pass our customers' claims against us to our insurers. We have taken out logistics solution insurance policy with coverage normally required for a freight forwarder and warehouse operator for protection against claims for cargo loss or damage and legal liability arising from shipment delay and misdirection and other related legal liabilities, with a limit of approximately US$1.4 million. We have also taken out office comprehensive insurance policy with a limit of not less than approximately HK$111 million against loss and damage to our offices contents and stock, business interruption and public liability and other insurance policies required to be maintained by law in the course of our business. We are not liable for any damage or loss to our customers' goods unless such damage or loss is caused by our negligence. Where we are liable for the damage or loss to our customers' goods, claims against us from our customers are covered by the insurance policies we maintain as described above. Our business is, however, susceptible to risks arising from losses we sustain during the course of our business operations and we cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain. In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for losses, damages and liabilities out of our own funds. For details of such risks, please refer to the paragraph headed "Risks Factors — Risks relating to our business — We cannot assure you that the insurance policies we have taken out are always able to cover all losses we sustain during the course of our business operations" in this prospectus. Nevertheless, our Directors consider the insurance coverage we maintain for businesses of our size and nature is customary and in line with industry norm. During the Track Record Period, we had not experienced any material claim from third party nor did we make any material insurance claim in the course of our operations.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We place a strong emphasis on occupational safety of our staff. During the course of our business operations, our staff working at our warehouses are required to lift heavy objects and handle heavy mechanical equipment. Our staff working at our warehouses are provided with staff instructions manuals and supervision on-site to ensure their safety and health at work. Our staff manuals generally provide details of the operating procedures at our warehouses such as (a) inspection; (b) documentation; (c) labelling; (d) electronic data recording; (e) handling of motor vehicles; and (f) work safety. During the Track Record Period and as at the Latest Practicable Date, there were no material accidents nor claims for personal or property damage. There were also no interruptions in our business which may or have had a significant effect on our financial position during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

Our trademarks and domain name distinguish our brands from those of our competitors. We rely on a combination of trademark law and confidentiality agreements with our employees and business partners to protect our business and intellectual property rights. As at the Latest Practicable Date, we had registered one trademark and applied for registration of two trademarks in Hong Kong, and had registered one domain name that are, in the opinion of our Directors, material to our business. For further details of our intellectual property rights, please refer to the paragraph headed "B. Further information about the business of our Group — 2. Intellectual property rights" in Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there had been no material dispute or infringement of our trademarks by third party, nor had we infringed any trademark owned by third party.

EMPLOYEES

As at 31 December 2014 and 2015, 31 March 2016 and the Latest Practicable Date, we had a total of 90, 87, 91 and 106 employees in Hong Kong, respectively. The following table sets forth a breakdown of our employees by function as at 31 December 2014 and 2015, 31 March 2016 and the Latest Practicable Date:

Function	As at 31 December 2014	2015	As at 31 March 2016	As at the Latest Practicable Date
Management	2	2	2	2
Finance and administration	15	16	17	17
Sales	18	10	11	12
Operations	55	59	61	75
Total	90	87	91	106

Relationship with our employees

Our management considers our employees as key assets which play a pivotal role in our continuous growth. It is our policy to maximise the potential of our employees through training and development. Our staff will attend vocational training programmes covering various aspects of our industry to keep abreast of the latest industry development. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability.

We do not engage any recruitment agent to hire our staff. We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties.

We have always maintained a good working relationship with our employees. As at the Latest Practicable Date, none of our employees were members of any labour unions, nor were there any labour dispute or claim involving and against us.

Employee remuneration and benefits

We generally remunerate our sales employees with a fixed salary and a performance based commission and our other employees with a fixed salary and a discretionary bonus based on our Group's performance. Our employees are also entitled to participate in the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus.

We have made defined contribution to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. We have also taken out employees' compensation insurance for our employees in Hong Kong in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs which our Group may be liable for personal injuries of our employees in Hong Kong in the course of employment with us.

PROPERTIES

Our Group does not own any property. As at the Latest Practicable Date, we leased the following properties:

Location	Approximate gross floor area (sq.ft.)	Lessor	Key terms of the tenancy	Permitted User
Unit 1606B, 1607 & 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	9,013	Independent third party	Monthly rental of HK$168,993.75 with tenancy period commencing from 16 December 2013 to 15 December 2016	Office only
802 Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	618	Independent third party	Monthly rental of HK$12,500 with tenancy period commencing from 10 March 2016 to 9 June 2017	Office only

Location	Approximate gross floor area (sq.ft.)	Lessor	Key terms of the tenancy	Permitted User
Office unit O–1002B on the Office Level 10 of Office Complex of Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories, Hong Kong	1,500	Independent third party	Monthly rental of HK$18,750 with tenancy period commencing from 1 June 2016 to 31 May 2018	Office ancillary to container terminal operation under the trade/business name of Janco Logistics (HK)
Unit 101 on the First Floor of Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories, Hong Kong	28,301	Independent third party	Monthly rental of HK$424,515 with tenancy period commencing from 8 June 2016 to 7 June 2018	Warehouse and container freight station under the trade/business name of Janco Logistics (HK)
Units A and B, Third Floor, Wing Shan Industrial Building, No. 428 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong	33,150	Independent third party	Monthly rental of HK$265,200 with tenancy period commencing from 1 April 2016 to 1 May 2017	Lawful industrial purposes only
Unit 3, Sixth Floor, Asia Logistics Hub — SF Centre, 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong	35,259	Independent third party	Monthly rental of HK$528,885 with tenancy period commencing from 1 April 2016 to 31 March 2019	Warehouse only

Location	Approximate gross floor area (sq.ft.)	Lessor	Key terms of the tenancy	Permitted User
Unit 4, Sixth Floor, Asia Logistics Hub — SF Centre, 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong	23,723	Independent third party	Monthly rental of HK$355,845 with tenancy period commencing from 16 January 2016 to 31 March 2019	Warehouse only
Units F, G, H and I (1), 14th Floor, Wing Shan Industrial Building, No. 428 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong	13,971	Independent third party	Monthly rental of HK$50,296.00 with tenancy period commencing from 1 August 2016 to 31 July 2018	Lawful industrial purposes only
Portion of Unit One, Sixth Floor, Asia Logistics Hub — SF Centre, 36 Tsing Yi Hong Wan Road, Tsing Yi, New Territories, Hong Kong	10,000	Independent third party	Monthly rental of HK$150,000.00 with tenancy period commencing from 22 August 2016 to 21 November 2016	Warehouse only

LICENCES, PERMITS AND APPROVALS

A summary of the laws and regulations related to our Group's operations and business is set out in the section headed "Regulations" in this prospectus. Our Directors have confirmed that no material requisite industry specific licences, permits and approvals are required for our operations and business.

COMPLIANCE AND LITIGATION MATTERS

Our Directors have confirmed that during the Track Record Period and as at the Latest Practicable Date, there was no non-compliance incident the nature of which is material or systemic. Our Directors have also confirmed that during the Track Record Period and as at the Latest Practicable Date, no member of our Group was subject to any actual, pending or threatened litigation or claims of material importance which would have a material impact on our operations, financials and reputation.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Directors believe that effective risk management is critical to our business. We are exposed to various types of risks during the course of our business operation. Key operational risks we face include (a) absence of long-term agreements with our customers for purchases of cargo space; (b) detrimental changes to our business relationship with our major suppliers; (c) customer counterparty risk; (d) inability to pass on the increase in purchase costs to our customers; (e) disruptions in the business activities of our suppliers and customers; (f) inability to source cargo space to meet our customers' demand; (g) ineffective consolidation of cargo space; (h) customer concentration risk; (i) additional risks we face when implementing our expansion plans; (j) seasonal fluctuations; (k) loss of management and experienced personnel; (l) inability to obtain finance; (m) poor service quality of our business partners; (n) failure of our electronic system; and (o) potential claims from third parties. For details of the various risks and uncertainties we face, please refer to the section headed "Risk Factors" in this prospectus.

In addition, we also face market risks. In particular, we are exposed to currency, interest rate, credit and liquidity risks that arise in the normal course of our business operations. For details, please refer to note 27 to the Accountants' Report set out in Appendix I to this prospectus.

In order to practise effective risk management, we have in place or are in the course of adopting the following measures:

(a) leveraging on our stable relationship with our existing suppliers and customers and reputation within the industry, we will continue to diversify our customer base and supplier network in order to protect our Group against the operational risks involving our customers and suppliers during the course of our business and alleviate the impact of seasonal fluctuations on our operations;

(b) where it is commercially beneficial to our Group, we actively explore opportunities to enter into various types of agreements such as CSA and GSA agreements in order to diversify our supplier network and portfolio of routes, and block space agreements in order to secure a stable source of air cargo spaces at favourable prices;

(c) we regularly assess the credit rating of our customers and where necessary make amendments to their credit period, credit limit, and bank and cash guarantees requirements in accordance with our assessment to minimise the risk of customer default and will only grant credit terms to customers after they have maintained a sound track record and pass our credit check;

(d) our management will continue to closely monitor the change of price of cargo space in the market and frequently compare the purchase costs of the cargo spaces we source from our suppliers against the prevailing market rates in order to ensure that the committed purchases we make (i.e. under our block space agreements) are kept at a desirable level to allow us to source air cargo space at favourable prices and yet fulfil the minimum committed purchases under the block space agreements at the same time;

(e) our Board is responsible for the overall evaluation and determination of the nature and extent of the risks our Board is willing to take in achieving our strategic objectives, any significant decision in implementing our strategic plans and objectives will be subject to review, discussion and approval at Board level to ensure that the risks associated with our business plans and strategies are subject to thorough examination by our Board;

(f) we will constantly review the salary and remuneration packages of our management and employees to ensure that the packages we offer are competitive to retain experienced personnel and at the same time in line with the business and development of our Group;

(g) our management will closely monitor the liquidity and financial position of our Group to ensure that our Group maintains a sound financial position; where desirable, our management will consider obtaining finance to fund the operations of our Group and implement our future plans to achieve our strategic objectives;

(h) part of our Hong Kong local delivery services are currently outsourced to our business partners; besides closely monitoring the performance and service quality of our business partners to ensure that they meet the requirements and standards of our customers, we target to expand our truck fleet to enhance our ancillary logistics services, thereby minimising the impact on our business operations should any of our business partners provide substandard services to our customers;

(i) we maintain comprehensive information technology control to minimise the risk of system failure;

(j) we maintain insurance coverage in line with customary practice in the industry for businesses of our size and nature to ensure that we are adequately protected against third party claims; and

(k) establishment of an audit committee to review and supervise our financial reporting process and internal control system.

Our Directors believe that by having the above measures in place and by closely monitoring the effectiveness of these measures, our Group will be able to minimise the impact of the risks we are exposed to during the course of our business operations.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), our Company will be owned as to 75% by Million Venture, which is wholly owned by Mr. Cheng. Million Venture and Mr. Cheng are directly or indirectly holding 75% of the issued share capital of our Company and are regarded as our Controlling Shareholders under the GEM Listing Rules.

Million Venture is an investment holding company incorporated in the BVI while Mr. Cheng is a founder of JFXL and has been leading the development and strategic planning of our Group throughout the years. For details of Mr. Cheng's background and experience, please refer to the paragraph headed "Directors and Senior Management — Directors — Executive Directors" in this prospectus.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Controlling Shareholders, our Directors and their respective close associates does not have any interest apart from the business of our Group which competes or may compete with the business of our Group and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

In addition, each of our Controlling Shareholders has given certain non-competition undertakings in favour of our Group. For details, please refer to the paragraph headed "Non-competition undertakings" in this section.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transaction between our Group and our Controlling Shareholders upon or shortly after the Listing.

Our Directors believe that our Group is capable of carrying on our business independently of, and does not place undue reliance on, our Controlling Shareholders or their respective close associates, taking into consideration the following factors:

Management independence

We have an independent management team comprising our executive Directors and our senior management who have substantial experience in our business. Our management team is able to implement our Group's policies and strategies and perform its roles in our Company independently.

We aim at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The three independent non-executive Directors have extensive experience in different areas or professions. The main functions of our Board include the approval of our overall business plans and strategies, monitoring the implementation of these plans and strategies and the management of our Group.

Our Company has a common director with Million Venture, namely Mr. Cheng. Despite the common directorship, our Company believes that the management independence between our Company and Million Venture will be maintained as Million Venture is only an investment holding company.

Further, each of our Directors is aware of his fiduciary duties as a Director which requires, among others, that he acts for the benefit and in the best interests of our Company and our Shareholders as a whole, and does not allow any conflict between his duties as a Director and his personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum. In case Mr. Cheng is required to abstain from voting at Board meetings due to potential conflict of interest, other executive Directors and our independent non-executive Directors will be able to form a quorum and ensure that the decisions of our Board are made after due consideration of independent and impartial opinion.

In view of the aforesaid, our Directors are of the view that we are capable of managing the business of our Group independently of our Controlling Shareholders and their respective close associates after the Listing.

Operational independence

We have established our own organisational structure comprising individual departments, each with specific areas of responsibilities. We have not shared our operational resources, such as suppliers, customers, and marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Further, we have sufficient capital, equipment and employees to operate our businesses independently. We have also established various internal controls procedures to facilitate the effective operations of our business.

Our Group has not entered into any connected transaction with any of our Controlling Shareholders that will continue after the Listing.

Financial independence

We have our own accounting systems, accounting and finance department and independent treasury function for cash receipts and payments. We make financial decisions according to our own business needs.

Our accounting and finance department will be responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns.

During the Track Record Period, Mr. Cheng and his spouse had provided personal guarantees and Mr. Cheng has provided his own property as security for the banking facilities granted to our Group. As at the Latest Practicable Date, only one personal guarantee provided by Mr. Cheng and the security given by his own property for the banking facilities granted to our Group remained unreleased. The relevant bank has agreed in principle that the personal guarantee will be released and replaced by a corporate guarantee executed by our Company upon the Listing.

During the Track Record Period, our Group had certain amounts due to Mr. Cheng, details of which are set out in note 19 to the Accountants' Report in Appendix I to this prospectus. Prior to the Listing, all amounts due to Mr. Cheng will be fully repaid, released and/or otherwise settled in full, details of which are set out in the paragraph headed "Financial Information — Analysis of various items in the consolidated statements of financial position — Amount due to a Director" in this prospectus.

Save as disclosed above, our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our Group's business operations and we are able to obtain external financing on market terms and conditions for our business operations as and when required.

Independence from major suppliers

Our Directors have confirmed that none of our Controlling Shareholders, our Directors and their respective close associates had any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence from major customers

Freight Concept Limited, a wholly-owned subsidiary of JFX Holding, was one of our five largest customers during the Track Record Period. For details of our Group's business relationship with the said subsidiary of JFX Holding, please refer to the paragraph headed "Business — Customers" in this prospectus. Freight Concept Limited is also one of our suppliers. Mr. Cheng disposed of the entire issued share capital of JFX Holding to an independent third party on 31 December 2015. For details of the disposal, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation — Disposal of JFX Holding" in this prospectus. Mr. Cheng ceased to be a director of Freight Concept Limited on 18 February 2016. Save as disclosed above, none of our Controlling Shareholders, our Directors and their respective close associates had any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

Our Controlling Shareholders as covenantors (each a "**Covenantor**", collectively, the "**Covenantors**") executed the Deed of Non-competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) and confirm that none of them is engaged in any business which directly or indirectly, competes or is likely to compete with the business of our Group, or has any interest (whether directly or indirectly) in such business.

Pursuant to the Deed of Non-competition, each Covenantor undertakes the following, from the Listing Date and ending on the occurrence of the earliest of (a) the date on which the Shares cease to be listed on GEM; (b) the date on which the Covenantors cease to be a Controlling Shareholder; or (c) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued capital of our Company:

1. Non-competition

He/it will not, and will use his/its best endeavours to procure any Covenantor and his/its close associates (collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (excluding any member of our Group) (the "**Controlled Company**") not to, either on his/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, directly or indirectly, for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or is likely to compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the provision of freight forwarding services and logistics services (the "**Restricted Business**").

The Deed of Non-competition does not apply if the Controlled Person(s) and the Controlled Company(ies) in aggregate own any interest not exceeding 5% of the issued shares in any company conducting any Restricted Business (the "**Relevant Company**"), and the Relevant Company is listed in any recognised stock exchange, notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided that:

(a) the shareholding of any one holder (and his/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Person(s) and the Controlled Company(ies) in aggregate at any time;

(b) the total number of the relevant Covenantors' representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/its shareholding in the Relevant Company; and

(c) the Covenantors and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Business Opportunity**"):

(a) he/it shall within ten days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and

(b) he/it shall not, and shall procure that his/its Controlled Person(s) or Controlled Company(ies) not to, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/its Controlled Person(s) or Controlled Company(ies) invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (a) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-acceptance Notice**"); or (b) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless his attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business. The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

3. Corporate governance measures

In order to resolve actual or potential conflicts of interests between our Company and our Controlling Shareholders and to ensure the performance of the above non-competition undertakings, the Covenantors will:

(a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity and shall not be counted towards the quorum for such meeting;

(b) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual review on the compliance with the terms of the Deed of Non-competition and the enforcement of it;

(c) procure our Company to disclose to the public either in the annual report of our Company or issue an announcement in relation to any decision made by our independent non-executive Directors to pursue or decline the New Business Opportunity, together with the reasons in case of decline;

(d) where our independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and

(e) that during the period when the Deed of Non-competition is in force, fully and effectually indemnify our Company and/or our subsidiaries against any loss, liability, damage, cost, fee and expense as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-competition.

The Deed of Non-competition and the rights and obligations thereunder are conditional upon (a) the Listing Division of the Stock Exchange granting the listing of, and the permission to deal in, the Shares; and (b) the Listing and dealings in the Shares on GEM taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or may compete with the business of our Group, our Directors are of the view that we are capable of carrying on our Group's business independently of the Covenantors following the Listing.

SHARE CAPITAL

The tables below set forth information with respect to the share capital of our Company after completion of the Placing and the Capitalisation Issue.

Authorised share capital		*HK$*
1,500,000,000	Shares of HK$0.01 each	15,000,000

Without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme, our Company's issued share capital immediately after completion of the Placing and the Capitalisation Issue will be as follows:

Shares		*HK$*
100	Shares in issue as at the Latest Practicable Date	1
150,000,000	Shares to be issued pursuant to the Placing	1,500,000
449,999,900	Shares to be issued pursuant to the Capitalisation Issue	4,499,999
600,000,000	Total	6,000,000

ASSUMPTIONS

The above tables assume that the Placing becomes unconditional and Shares are issued pursuant to the Placing. It takes no account of any Share that may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the total number of issued Share in the hands of the public.

RANKING

The Placing Shares are ordinary Shares and rank equally with all the Shares currently in issue or to be issued and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus.

We did not have any outstanding share option, warrant, convertible instrument or similar right convertible into the Shares as at the Latest Practicable Date.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares in aggregate not exceeding:

(a) 20% of the total number of Share in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme); and

(b) the aggregate number of issued Share which may be repurchased by our Company (if any) under the mandate to repurchase Shares referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under the general mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of the subscription rights attaching to any warrant of our Company, scrip dividends or similar arrangements or options providing for the allotment and issue of Shares in lieu of the whole or in any part of any cash dividends or options to be granted under the Share Option Scheme and any option scheme or similar arrangement for the time being adopted.

This general mandate to issue Shares will remain in effect until whichever is the earliest of:

(a) the conclusion of our next annual general meeting; or

(b) the date by which our next annual general meeting is required by the Articles or any applicable law to be held; or

(c) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Further details of this general mandate are set out in the paragraph headed "A. Further information about our Group — 5. Written resolutions of our sole Shareholder passed on 23 September 2016" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in the number not exceeding 10% of the total number of Shares in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). A summary of the relevant GEM Listing Rules is set out in the paragraph headed "A. Further information about our Group — 6. Repurchase of the Shares" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

(a) the conclusion of our next annual general meeting; or

(b) the date by which our next annual general meeting is required by the Articles or any applicable law to be held; or

(c) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Further details of this repurchase mandate are set out in the paragraph headed "A. Further information about our Group — 6. Repurchase of the Shares" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in Appendix III to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors or chief executive of our Company, immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), the following persons (other than a Director or a chief executive of our Company)/corporations will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who/which is expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of our Group:

Person/corporation	Company concerned	Capacity/nature of interest	Number of Shares held as at the date of submission of application for the Listing	Number of Shares held immediately after completion of the Placing and the Capitalisation Issue *(Note 1)*	Percentage of interests in our Company immediately after completion of the Placing and the Capitalisation Issue
Million Venture *(Note 2)*	Our Company	Beneficial owner	100	450,000,000 (L)	75%

Notes:

1. The letter "L" denotes the person's/corporation's "long position" (as defined in Part XV of the SFO) in the Shares.

2. Our Company will be owned as to 75% by Million Venture immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). Million Venture is wholly and beneficially owned by Mr. Cheng. Under the SFO, Mr. Cheng is deemed to be interested in the same number of Shares held by Million Venture. Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng. Under the SFO, Ms. Tai Choi Wan, Noel is deemed to be interested in the same number of Shares in which Mr. Cheng is interested.

Save as disclosed above, our Directors are not aware of any person/corporation who/which will, immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which is expected, directly or indirectly, be interested in 10% or more of the issued voting shares of any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Our Substantial Shareholders, being persons and entities which are entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company, include Million Venture and Mr. Cheng.

SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will be, immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company and will therefore be regarded as our significant Shareholders.

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position	Date of appointment as Director/senior management	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/ or senior management
Directors						
Mr. Cheng Hon Yat (鄭漢溢先生)	55	Chairman of our Board, chief executive officer and executive Director	12 November 2015	1 November 1991	Overseeing the overall corporate development, strategic planning and management of our Group	Nil
Mr. Chan Kwok Wai (陳國威先生)	43	Executive Director	8 April 2016	1 April 1993	Overseeing the freight forwarding business of our Group	Nil
Mr. Lo Wai Wah (羅偉華先生)	45	Executive Director	8 April 2016	8 September 2006	Overseeing the logistics business of our Group	Nil
Mr. Yau Sze Yeung (邱思揚先生)	38	Executive Director, financial controller and company secretary	8 April 2016	2 July 2015	Overseeing the overall accounting and financial management and company secretarial matters of our Group	Nil
Mr. Siu Wing Hay (蕭永禧先生)	41	Independent non-executive Director	23 September 2016	23 September 2016	As the chairman of our audit committee and a member of our remuneration committee and nomination committee	Nil
Mr. Wong Yee Lut Eliot (黃依律先生)	44	Independent non-executive Director	23 September 2016	23 September 2016	As the chairman of our nomination committee and a member of our audit committee and remuneration committee	Nil
Mr. Luk Kin Ting (陸建廷先生)	31	Independent non-executive Director	23 September 2016	23 September 2016	As the chairman of our remuneration committee and a member of our audit committee and nomination committee	Nil
Senior management						
Ms. Leung Yui Yee Windy (梁蕊夷女士)	49	Sea freight manager of Janco Global Logistics	14 October 2015	14 October 2015	Managing our ocean freight forwarding division	Nil

DIRECTORS

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Cheng Hon Yat (鄭漢溢先生), aged 55

Mr. Cheng is a founder of our Group and one of our Controlling Shareholders. He was appointed as our Director on 12 November 2015 and was re-designated as our executive Director on 8 April 2016. He also serves as the chairman of our Board and our chief executive officer. He is responsible for overseeing the overall corporate development, strategic planning and management of our Group.

Mr. Cheng has extensive experience in the freight forwarding and logistics industries and has engaged in such industries for over 35 years. Prior to establishing our Group in 1990, he worked as a clerk in Maersk Line (Hong Kong) Limited, being a company engaging in the provision of container shipping and terminals, freight forwarding services and logistics services, from September 1980 to August 1983. From August 1983 to October 1985, he worked as a sales manager in Hanford International Transport Limited, being a company engaging in freight forwarding. From October 1985 to April 1986, he worked as a sales manager in South East Cargo Services Limited, being a company engaging in freight forwarding. From April 1986 to November 1990, he worked as a branch manager in CF Ocean Service (Hong Kong) Limited, being a company engaging in freight forwarding. He was a director of JFXL from November 1991 to February 2016. He currently serves as a director of all of our subsidiaries, being Janco (BVI), Wasco Global, Sunset Edge, Marine Elite, Transpeed Hong Kong, Janco Logistics (HK), FC Global and Janco Global Logistics.

Mr. Cheng is currently a member in the logistics services advisory committee of the Hong Kong Trade Development Council. He completed his secondary education in 1979.

Mr. Chan Kwok Wai (陳國威先生), aged 43

Mr. Chan Kwok Wai was appointed as our executive Director on 8 April 2016 and he also serves as the sales director of our Group. He is responsible for overseeing the freight forwarding business of our Group including daily business operations and developing and implementing strategic sales and marketing plans.

Mr. Chan has around 25 years of experience in the freight forwarding and logistics industries and over 20 years of experience in sales and marketing in such industries. Prior to joining our Group, he worked as a shipping clerk in Maersk Hong Kong Limited, being a company engaging in the provision of container shipping and terminals, freight forwarding services and logistics services from July 1991 to March 1993. He joined JFXL in April 1993 as a sales executive. He was promoted to assistant sales manager, sales manager and sales director of JFXL in January 1994, January 1995 and January 1999, respectively, and was later transferred to Janco Global Logistics in September 2015.

Mr. Chan completed his secondary education in 1990s.

Mr. Lo Wai Wah (羅偉華先生), aged 45

Mr. Lo Wai Wah was appointed as our executive Director on 8 April 2016 and he also serves as the logistics director of our Group. He is responsible for overseeing the logistics business of our Group including daily operations of the warehouses and the overall development of our logistics business.

Starting his career in quality assurance services field, Mr. Lo switched his career path to the logistics industry in 2000. Prior to joining our Group, he worked in TNT Express Worldwide (HK) Limited, being a company engaging in the provision of express and freight delivery services, from May 2000 to August 2005 with the last position as assistant duty operations manager. From August 2005 to December 2005, he worked as a duty manager in DHL Aviation (Hong Kong) Limited, being a company engaging in express logistics business. He joined JFXL in September 2006 as a logistics manager and was later transferred to Janco Logistics (HK) in May 2014. He was promoted to logistics director of our Group in April 2016.

Mr. Lo graduated from City Polytechnic of Hong Kong with a bachelor's degree of arts in business studies in November 1993. He obtained a diploma in integrated certificate of shipping, import and export practice from School of Continuing Education in August 1998 and a dangerous goods diploma in initial training in dangerous goods handling from Cathay Pacific Airways Training School in Hong Kong in June 2005. He further obtained a master's degree of arts in international business management from City University of Hong Kong in November 2000 and a master's degree of science in industrial logistics systems from The Hong Kong Polytechnic University in December 2005.

Mr. Yau Sze Yeung (邱思揚先生), aged 38

Mr. Yau Sze Yeung was appointed as our executive Director on 8 April 2016 and he also serves as the financial controller and company secretary of our Group. He is responsible for overseeing the overall accounting and financial management and company secretarial matters of our Group.

Prior to joining our Group, Mr. Yau worked in Deloitte Touche Tohmatsu from September 2001 to October 2009 with the last position as manager. He worked in Man Wah Holdings Limited, being a company listed on the Stock Exchange (stock code: 1999) engaging in the production and sales of recliner sofas, as the financial controller from October 2009 to June 2011 and as the company secretary from December 2009 to June 2011. From June 2011 to July 2012, he worked as the chief financial officer in Interior Contract International Limited, being a company engaging in fitting-out decoration and contracting. From August 2012 to April 2015, he worked as the financial controller in Akei Plastic-Machine Manufactory Limited, being a company engaging in manufacturing extrusion blow moulding machines. Mr. Yau joined JFXL in July 2015 as the financial controller and was later transferred to Janco Global Logistics in September 2015.

Mr. Yau obtained a bachelor's degree of business administration in accountancy from City University of Hong Kong in November 2001. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2005.

Independent non-executive Directors

Mr. Siu Wing Hay (蕭永禧先生), aged 41

Mr. Siu Wing Hay was appointed as our independent non-executive Director on 23 September 2016. He is the chairman of our audit committee and a member of our remuneration committee and nomination committee.

Mr. Siu has extensive experience in corporate finance industry and has engaged in such industry for over 18 years. He worked in Lippo Securities Holdings Limited from September 1997 to October 1998 and Horwath Capital Asia Limited from March 1999 to September 1999, both as corporate finance executive. From September 1999 to June 2011, he worked in Cinda International Capital Limited with the last position as executive director. He has been working in Messis Capital Limited since June 2011 and his current position is managing director and responsible officer.

Mr. Siu obtained a bachelor's degree of business administration in finance from The Hong Kong University of Science and Technology in November 1997. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2003. He was admitted as a member and a fellow of The Association of Chartered Certified Accountants in May 2001 and May 2006, respectively.

Mr. Wong Yee Lut Eliot (黃依律先生), aged 44

Mr. Wong Yee Lut Eliot was appointed as our independent non-executive Director on 23 September 2016. He is the chairman of our nomination committee and a member of our audit committee and remuneration committee.

Mr. Wong has over 20 years of experience in financial practice. From March 1996 to July 2002, he worked as a manager in the accounting and financing department of Mitsubishi Australia Limited, being a subsidiary of Mitsubishi Corporation which is a global integrated business enterprise. He was then transferred to work in Shanghai Liangling Logistics in Shanghai, being a subsidiary of Mitsubishi Corporation, as an assistant general manager from July 2002 to July 2004. From July 2004 to October 2006, he worked as the China financial controller in Hogg Robinson Group, being an enterprise engaging in corporate business travel. In October 2006, he joined Suzhou Modern Terminals Limited, being a container terminal operator, as the financial controller. He was later transferred to Modern Terminals Limited, being a container terminal operator, in August 2011 and his current position is general manager for group finance.

Mr. Wong obtained a bachelor's degree of commerce from La Trobe University in Australia in April 1995. He completed a programme in executive master of business administration and obtained a master's degree in business administration from The Chinese University of Hong Kong in November 2015. He has been a Certified Practising Accountant of CPA Australia since March 2000.

Mr. Luk Kin Ting (陸建廷先生), aged 31

Mr. Luk Kin Ting was appointed as our independent non-executive Director on 23 September 2016. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Luk was admitted as a solicitor in Hong Kong in October 2014. From August 2011 to July 2013, he worked in Vivien Chan & Co. as a trainee solicitor, primarily responsible for commercial, intellectual property issues and civil litigation matters. He has been travelling out of Hong Kong since then until he worked in Grandtone Engineering Limited, being a company engaging in construction, in February 2016. His current position in that company is vice president. He has also been working in Tennex Consultants Limited, being a company engaging in consultant and secretarial services, as an executive director since March 2016 and in K.K. Lai & Co., being a solicitors firm, as a consultant solicitor since May 2016.

Mr. Luk obtained a bachelor's degree of business administration in economics and accounting from The Hong Kong University of Science and Technology in April 2007. He obtained a Juris Doctor's degree from The Chinese University of Hong Kong in December 2009. He subsequently obtained a Postgraduate Certificate in Laws from The Chinese University of Hong Kong in July 2010 and a master's degree of laws in corporate law from the New York University in the U.S. in May 2011.

Since 30 June 2016, Mr. Luk has been appointed as the independent non-executive director of Sunrise (China) Technology Group Limited (formerly known as Sonavox International Holdings Limited until 4 January 2011) (Stock Code: 8226), being a company engaging in environmental related businesses and listed on GEM.

Save as disclosed above, each of our Directors has confirmed that: (a) he has not held any current or past directorship in the last three years in any other listed company, the securities of which are listed on any securities market in Hong Kong or overseas; (b) he did not hold other positions in our Company or any member of our Group as at the Latest Practicable Date; (c) he did not have any relationship with any other Directors, senior management, Substantial Shareholder or Controlling Shareholders as at the Latest Practicable Date; (d) he does not have any other interest in the Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed "C. Further information about our Directors and Substantial Shareholders — 1. Disclosure of interests" in Appendix IV to this prospectus; (e) he does not have any other interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under the GEM Listing Rules; and (f) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that was required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needed to be brought to the attention of our Shareholders as at the Latest Practicable Date.

COMPLIANCE WITH THE CG CODE

Mr. Cheng has been managing our Group's business and overall strategic planning since its establishment. Our Directors believe that the vesting of the roles of chairman of our Board and chief executive officer in Mr. Cheng is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Accordingly, our Company has not segregated the roles of chairman of our Board and chief executive officer as required by paragraph A.2.1 of the CG Code.

SENIOR MANAGEMENT

Ms. Leung Yui Yee Windy (梁蕊夷女士), aged 49

Ms. Leung Yui Yee Windy is the sea freight manager of Janco Global Logistics and is mainly responsible for managing the ocean freight forwarding division including business development of cargo consolidation and pricing control of the ocean freight forwarding business.

Ms. Leung has over 25 years of experience in the freight forwarding industry. Prior to joining our Group, she worked as an operation supervisor in Air Sea Worldwide Logistics Limited, being a company engaging in the provision of ocean and air freight forwarding services and logistics services, from February 1991 to August 1992. From September 1992 to August 2011, she worked in Ensign Freight Limited, being a company engaging in the provision of ocean and air freight forwarding services and logistics services, with the last position as assistant manager in operation and customer service division. From September 2011 to May 2013, she worked as a marketing and sea operation manager in Oriental Sea Transport Service Limited, being a freight forwarding company. From May 2013 to June 2015, she worked as a Hong Kong station manager in RS Logistics Limited, being a freight forwarding and logistics service provider.

Ms. Leung obtained a professional diploma in logistics and import-export management from The Hong Kong Management Association in August 2008 and a bachelor's degree in business administration through distance learning from University of Management and Technology in the U.S. in September 2015.

Ms. Leung has not held any current or past directorship in the last three years in any listed company, the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Mr. Yau Sze Yeung (邱思揚先生), aged 38, was appointed as the company secretary of our Company on 8 April 2016. Mr. Yau also serves as our executive Director. For his background and experience, please refer to the paragraph headed "Directors — Executive Directors" in this section.

COMPLIANCE OFFICER

Mr. Cheng is the compliance officer of our Company. For his background and experience, please refer to the paragraph headed "Directors — Executive Directors" in this section.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the CG Code pursuant to a resolution of our Directors passed on 23 September 2016. The primary duties of our audit committee are, among others, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, monitor integrity of our financial statements, review significant financial reporting judgements contained in them, oversee our financial reporting system, risk management and internal control systems and audit process and perform other duties and responsibilities assigned by our Board.

At present, our audit committee comprises Mr. Siu Wing Hay, Mr. Wong Yee Lut Eliot and Mr. Luk Kin Ting, all being our independent non-executive Directors. Mr. Siu Wing Hay is the chairman of our audit committee.

Remuneration committee

We established a remuneration committee on 23 September 2016 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The primary duties of our remuneration committee are, among others, to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration packages of our Directors and senior management and ensure none of our Directors or their associates is involved in deciding their own remuneration.

At present, our remuneration committee comprises Mr. Luk Kin Ting, Mr. Siu Wing Hay and Mr. Wong Yee Lut Eliot, all being our independent non-executive Directors. Mr. Luk Kin Ting is the chairman of our remuneration committee.

Nomination committee

We established a remuneration committee on 23 September 2016 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of our nomination committee are, among others, to review the structure, size and composition of our Board and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. Wong Yee Lut Eliot, Mr. Siu Wing Hay and Mr. Luk Kin Ting, all being our independent non-executive Directors. Mr. Wong Yee Lut Eliot is the chairman of our nomination committee.

COMPLIANCE ADVISER

Our Company has appointed Lego Corporate Finance Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the term commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

Pursuant to Rule 6A.23 of the GEM Listing Rules, we shall consult with and, if necessary, seek advice from our compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds from the Placing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us under Rule 17.11 of the GEM Listing Rules.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses related to their performance. We also reimburse them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among others, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate emoluments paid and benefits in kind (excluding discretionary bonus and contributions to pension schemes) granted by us to our Directors by any member of our Group were approximately HK$1.1 million, HK$1.4 million and HK$0.5 million, respectively.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate of contributions to pension schemes for our Directors were approximately HK$49,000, HK$54,000 and HK$18,000, respectively.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate discretionary bonus paid to our Directors by any member of our Group was approximately HK$0.6 million, HK$1.0 million and HK$0.2 million, respectively.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate remuneration including basic salaries, housing allowance, other allowances and benefits in kind, contributions to pension scheme and bonuses, paid to the five highest paid individuals (excluding our Directors) by our Group was approximately HK$1.8 million, HK$2.0 million and HK$0.3 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals in respect of the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus) payable by any member of our Group to, and benefits in kind receivable by, our Directors by any member of our Group for the year ending 31 December 2016 are expected to be approximately HK$2.7 million. Upon completion of the Listing, our remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration paid to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any emoluments during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to the Accountants' Report set out in Appendix I to this prospectus.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial information included in the Accountants' Report, which has been prepared in accordance with the basis of preparation as set out in Appendix I to this prospectus and in accordance with HKFRSs, and the unaudited pro forma financial information set out in Appendix II to this prospectus, in each case together with the accompanying notes. Prospective investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. This discussion contains forward-looking statements which involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in such forward-looking statements as a result of various factors, including those set out in the section headed "Risk Factors" and elsewhere in this prospectus.

Our financial year begins from 1 January and ends on 31 December. All references to "FY2014" and "FY2015" mean the financial years ended 31 December 2014 and 2015, respectively.

OVERVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia.

Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or GSAs and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. A majority of our customers are direct shipper customers. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand.

During the Track Record Period, our revenue was predominately generated from our freight forwarding services. For FY2014 and FY2015 and the three months ended 31 March 2016, our total revenue amounted to approximately HK$178.9 million, HK$209.3 million and HK$47.0 million, respectively. Our profit attributable to our Shareholders amounted to approximately HK$9.3 million and HK$13.6 million for FY2014 and FY2015, respectively, while our loss attributable to our Shareholders for the three months ended 31 March 2016 amounted to approximately HK$2.5 million, primarily attributable to Listing expenses incurred of approximately HK$4.6 million.

On top of our core freight forwarding services, we strategically offer ancillary logistics services primarily at our warehouses located in Yau Tong, Tsing Yi and Kwai Chung in response to the rising demand from our customers who require customised value-added logistics services. The ancillary logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. We integrate our ancillary logistics services into our core freight forwarding services to strategically create a distinct corporate identity among our shipper customers. Our long-term business objective is to become a leading one-stop service provider in the freight forwarding and logistics industries in Asia, while our ultimate business objective is to become a major market player in the global freight forwarding and logistics industries. For details of our business model, please refer to the paragraph headed "Business — Our services" in this prospectus.

RESULTS OF OPERATIONS

Consolidated statements of profit or loss and other comprehensive income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, which are extracted from the Accountants' Report set out in Appendix I to this prospectus:

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Revenue	178,938	209,316	43,924	47,045
Cost of sales	(143,599)	(165,676)	(36,204)	(37,209)
Gross profit	35,339	43,640	7,720	9,836
Other income	9	26	1	1
Other gains and losses	(239)	96	(77)	140
Administrative expenses	(23,893)	(27,386)	(5,859)	(7,444)
Listing expenses	—	—	—	(4,561)
Finance costs	(97)	(46)	(15)	(7)
Profit (loss) before taxation	11,119	16,330	1,770	(2,035)
Income tax expense	(1,840)	(2,744)	(346)	(482)
Profit (loss) and total comprehensive income (expense) for the year/period	9,279	13,586	1,424	(2,517)(Note)
Attributable to:				
Owners of our Company	9,251	13,623	1,449	(2,517)
Non-controlling interests	28	(37)	(25)	—
Total	9,279	13,586	1,424	(2,517)(Note)

Note: For the three months ended 31 March 2016, the net loss was attributable to the Listing expenses incurred of approximately HK$4.6 million. If the Listing expenses had been excluded, we would have recorded a net profit of approximately HK$2.0 million. Despite our net loss for the three months ended 31 March 2016, our Directors are of the view that we will record a profit for the year ending 31 December 2016.

BASIS OF PRESENTATION

The consolidated financial statements of our Group have been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants. For details of the basis of presentation, please refer to note 2 to the Accountants' Report set out in Appendix I to this prospectus.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group's financial condition and results of operations during the Track Record Period have been and will continue to be affected by a number of factors, including but not limited to those set forth in the section headed "Risk Factors" in this prospectus and as set out below:

Market demand for freight forwarding services and ancillary logistics services

Our core freight forwarding services and ancillary logistics services are affected by market demand for these services which are in turn driven by international trade activities and global economic conditions and growth of the e-commerce market in the PRC, Hong Kong and worldwide.

International trade activities and global economic conditions

According to the F&S Report, the prospect of the integrated logistics services market in Hong Kong is closely related to international trade and world economy. Our Directors believe that the gradual recovery of world economy and the consequential increase in international trade activities will drive the growth in trading volume as a result of the increase in number of cross-border transactions. A growth in trade activities will drive a growth in demand for freight forwarding services as the increase in shipping needs will increase the demand for air and sea cargo space. We believe, for instance, a global rising trend in demand for fast fashion in recent years has contributed to the increase in demand for air cargo space in that large quantities of textile, garment and apparels have to be shipped out of countries with a manufacturing base (typically in Asia and with Southeast and South Asia growing in importance according to the F&S Report) to various destinations across the globe within a short period of time. Such crave for fast fashion from end customers will drive the growth in the level of international trade activities.

An increase in demand for freight forwarding services also means an increase in demand for ancillary logistics services. According to the F&S Report, the provision of one-stop solution is considered to be a key trend of Hong Kong's integrated logistics services market. One-stop solution helps enhance logistics customers' efficiency and cost effectiveness. Our Directors believe that the growth in demand for ancillary logistics services will continue to be driven by the growth in demand for freight forwarding services as customers will continue to look for service providers who are capable of offering a wide range of transportation and logistics services as integrated logistics solution providers.

Growth of the e-commerce market in the PRC, Hong Kong and worldwide

Our Directors believe the globally flourishing e-commerce market is growing in presence as a result of a change in consumers' shopping habits. Consumers are gradually switching from traditional physical shopping to online shopping with the aid of advances in information technology. Our Directors believe this is because products offered online are generally priced lower than products sold at physical shops as sellers do not have to provide for rental expenses for physical shops which could account for a significant part of the sellers' expenses. With the aid of the internet and smart devices, consumers can browse through a wide variety of products conveniently. Based on the F&S Report, our Directors believe that the gain in prominence and the growth in diversity of online shopping activities regionally and globally are expected to stimulate the demand for both freight forwarding and customised value-added logistics services as manufacturers and retailers have to cope with the demand from their end customers.

Competition within the market

The integrated logistics services market is highly fragmented and competitive. Freight forwarders within the industry compete for customers with the price of air and sea cargo space they offer. According to the F&S Report, the price indices of air freight forwarding and ocean freight forwarding demonstrated a downward trend from 2010 to 2015. In 2015, both indices observed a significant decrease primarily due to the relatively weak market performance and the continued downward pressure on freight forwarding charges. The overall decreasing trend is primarily driven by the stiff price competition among both carriers and freight forwarders. Intense competition within the market means that it is generally difficult for us to mark up the price of cargo space we sell significantly to capture a higher profit. Our sales performance and profitability will depend on our ability to offer quality customised value-added services complementary to our core freight forwarding services in order to capture a bigger market share and foster a larger customer base. For a sensitivity analysis of the impact of hypothetical fluctuations in freight charges on our profit, please refer to the paragraph headed "Discussion of certain key items in consolidated statements of profit or loss and other comprehensive income — Cost of sales" in this section.

Seasonality

Revenue from our business has historically been affected by seasonal variations. Demand for cargo space as well as ancillary logistics services is generally higher from April to May, August and January, which is driven by a higher demand for freight forwarding services before Christmas and before and after the Lunar New Year holidays. There is generally a lower demand for our services from February to March and from June to July. A majority of our customers are direct customers (comprising direct shipper customers and logistics services customers) who engage us to provide freight forwarding or logistics services for their goods or products. Demand for our services therefore fluctuates in accordance with demand for our customers' goods or products. Our results of operations are therefore subject to the seasonality of our customers' business. As a result of such fluctuations, comparisons of sales and results of operations between different periods within a single financial year, or between different periods in different financial years, may not be accurate indicators of our overall performance.

Warehouse rental expenses

We leased six warehouses in Yau Tong, Tsing Yi and Kwai Chung for providing ancillary logistics services to our customers. Our operating lease represent the leases of our office premises and warehouses. As at 31 December 2014 and 2015 and 31 March 2016, our warehouse rental expenses amounted to approximately HK$5.4 million, HK$8.3 million and HK$2.3 million, respectively. Any increase in rental expenses for leasing our warehouses will therefore affect our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Group's consolidated financial statements have been prepared in accordance with HKFRSs. A summary of significant accounting policies and key sources of estimation uncertainty is set forth in notes 4 and 5 to the Accountants' Report set out in Appendix I to this prospectus. Of all the significant accounting policies, those that are most critical in preparing our Group's consolidated financial statements include (a) revenue recognition; (b) leasing; (c) property, plant and equipment; (d) computer software; (e) impairment of tangible and intangible assets; and (f) allowance for bad and doubtful debts.

DISCUSSION OF CERTAIN KEY ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generate revenue from the provision of our core freight forwarding services and our ancillary logistics services. The revenue recorded represents the fair value of the consideration received or receivable and represents amounts receivable for services provided in our normal course of business and net of discount. Our revenue amounted to approximately HK$178.9 million and HK$209.3 million for FY2014 and FY2015, respectively while it amounted to approximately HK$43.9 million and HK$47.0 million for the three months ended 31 March 2015 and 2016, respectively. Our growth in total revenue from FY2014 to FY2015 and from the three months ended 31 March 2015 to 2016 was primarily attributable to the growth in revenue from our air freight and ancillary logistics services.

The following table sets forth a breakdown of our revenue by business segment during the Track Record Period:

Revenue by business segment

	Year ended 31 December				**Three months ended 31 March**			
	2014		**2015**		**2015**		**2016**	
	HK$'000	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Freight forwarding —	**165,887**	**92.7**	**189,854**	**90.7**	**40,753**	**92.8**	**41,937**	**89.1**
Air freight	72,611	40.6	101,947	48.7	18,587	42.3	22,782	48.4
Ocean freight	93,276	52.1	87,907	42.0	22,166	50.5	19,155	40.7
Logistics	**13,051**	**7.3**	**19,462**	**9.3**	**3,171**	**7.2**	**5,108**	**10.9**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

Air freight

Revenue from our air freight services increased by approximately 40.4% from approximately HK$72.6 million in FY2014 to approximately HK$101.9 million in FY2015. This was primarily attributable to the significant increase in sales volume from Incipio, our largest customer in terms of revenue contribution for FY2015 and three months ended 31 March 2016 (who is also ranked third in terms of revenue contribution for FY2014). Based in the U.S., Incipio is engaged in the manufacturing of mobile accessories and assortment of products relating to mobile products such as smartphones and tablets. Such significant growth can be attributed to a high demand for air freight services from Incipio who acquired a U.S.-based bags and mobile accessories brand as part of their expansion plan in 2015 which boosted sales of our cargo space exporting from Hong Kong to North America, and therefore may be one-off in nature. Such increase in sales volume from Incipio outweighed the overall decrease in air freight charges due to the decrease in fuel price. Revenue from our air freight services increased by approximately 22.6% from approximately HK$18.6 million for the three months ended 31 March 2015 to approximately HK$22.8 million for the three months ended 31 March 2016. This was primarily attributable to the increase in revenue generated from sales pursuant to the GSA agreement we entered into in December 2015 of approximately HK$5.4 million. The increase in sale of our air cargo space is also evidenced by the increase in shipment volume of our air freight segment during the Track Record Period as indicated below.

The table below sets forth our shipment volume from our air freight business by type of shipments:

	Year ended 31 December		**Three months ended 31 March**	
	2014	**2015**	**2015**	**2016**
	('000 kg)	*('000 kg)*	*('000 kg)*	*('000 kg)*
Air freight shipment volume —	**4,134**	**5,512**	**1,048**	**1,912**
Export	4,033	5,341	1,028	1,873
Import	101	171	20	39

Ocean freight

Revenue from our ocean freight services slightly decreased by approximately 5.7% from approximately HK$93.2 million in FY2014 to approximately HK$87.9 million in FY2015 and decreased by approximately 13.5% from approximately HK$22.2 million for the three months ended 31 March 2015 to approximately HK$19.2 million for the three months ended 31 March 2016, reflecting the overall decrease in ocean freight charges due to the decrease in fuel price which outweighed the increase in shipment volume handled by us from our ocean freight services in FY2015. Shipment volume handled by us from our ocean freight services dropped from approximately 91,000 cbm for the three months ended 31 March 2015 to approximately 87,000 cbm for the three months ended 31 March 2016 primarily as a result of the decrease in shipment volume to Bangladesh. However, we recorded an increase in gross profit from our ocean freight services from approximately HK$21.4 million in FY2014 to approximately HK$24.6 million in FY2015 as the decrease in cost of sea cargo spaces charged by our suppliers outweighed the decrease in price of sea cargo spaces we sold to our customers resulting in an overall increase in gross profit from our ocean freight services in FY2015 as the price of sea cargo spaces we offered to our customers were generally less responsive to the decrease in cost of sea cargo spaces charged by our suppliers as compared to the decrease in price of air cargo space we offered to our customers in response to the decrease in cost of air cargo space charged by our suppliers. We recorded an increase in gross profit from our ocean freight services from approximately HK$5.0 million for the three months ended 31 March 2015 to approximately HK$5.2 million for the three months ended 31 March 2016. Such increase was primarily attributable to the same reasons discussed above. For further analysis of our gross profit and gross profit margin by business segment, please refer to the paragraph headed "Discussion of certain key items in consolidated statements of profit or loss and other comprehensive income — Gross profit and gross profit margin" in this section.

The table below sets forth our shipment volume from our ocean freight business by type of shipments:

	Year ended 31 December		**Three months ended 31 March**	
	2014	**2015**	**2015**	**2016**
	('000 cbm)	*('000 cbm)*	*('000 cbm)*	*('000 cbm)*
Ocean freight shipment volume —	**344**	**376**	**91**	**87**
Export	299	330	81	71
Import	45	46	10	16

Logistics

Revenue from our ancillary logistics services experienced a growth of approximately 48.9% from approximately HK$13.1 million in FY2014 to approximately HK$19.5 million in FY2015. This was attributable to the increase in sales of our ancillary logistics services to our customers including Incipio. Revenue from our ancillary logistics services experienced growth of approximately 59.4% from approximately HK$3.2 million for the three months ended 31 March 2015 to approximately HK$5.1 million for the three months ended 31 March 2016. This was attributable to the commencement of operation of our new warehouse in Tsing Yi in January 2016.

The following table sets forth a breakdown of our revenue generated from export shipments by destination during the Track Record Period:

Revenue generated from export shipments by destination

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Asia	131,782	84.0	134,126	74.2	31,234	79.3	33,504	83.1
Africa	9,981	6.4	9,093	5.0	2,182	5.5	1,711	4.3
North America	7,024	4.5	30,707	17.0	4,046	10.3	4,124	10.2
Europe	6,980	4.4	5,683	3.1	1,684	4.3	935	2.3
Others*(Note)*	1,058	0.7	1,193	0.7	240	0.6	54	0.1
Total	**156,825**	**100.0**	**180,802**	**100.0**	**39,386**	**100.0**	**40,328**	**100.0**

Note: The category "Others" comprises Oceania and South America.

Revenue generated from export shipments by destinations in Asia

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Bangladesh	67,668	51.3	79,224	59.1	16,935	54.2	16,042	47.9
Vietnam	21,851	16.6	22,502	16.8	5,324	17.0	4,522	13.5
Cambodia	13,276	10.1	9,088	6.8	2,647	8.5	2,305	6.9
Sri Lanka	11,298	8.6	10,179	7.6	2,367	7.6	2,490	7.4
Indonesia	5,687	4.3	3,326	2.5	742	2.4	541	1.6
Thailand	2,450	1.9	4,063	3.0	634	2.0	5,858	17.5
Others*(Note)*	9,552	7.2	5,744	4.2	2,585	8.3	1,746	5.2
Total	**131,782**	**100.0**	**134,126**	**100.0**	**31,234**	**100.0**	**33,504**	**100.0**

Note: The category "Others" comprises 27, 29, 24 and 23 other countries in Asia for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively.

The following table sets forth a breakdown of our revenue generated from import shipments by origin during the Track Record Period:

Revenue generated from import shipments by origin

	Year ended 31 December				Three months ended 31 March			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Asia	5,995	77.2	5,795	73.8	1,241	76.5	1,290	67.7
Africa	77	1.0	8	0.1	2	0.1	—	—
North America	722	9.3	1,195	15.2	207	12.8	510	26.8
Europe	924	11.9	746	9.5	152	9.4	72	3.8
Oceania	44	0.6	111	1.4	20	1.2	33	1.7
Total	**7,762**	**100.0**	**7,855**	**100.0**	**1,622**	**100.0**	**1,905**	**100.0**

Revenue generated from import shipments by origins in Asia

	Year ended 31 December				Three months ended 31 March			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
India	1,172	19.6	821	14.2	289	23.3	105	8.1
Taiwan	1,107	18.5	1,041	18.0	189	15.2	207	16.1
PRC	811	13.5	390	6.7	144	11.6	32	2.5
Bangladesh	807	13.5	397	6.8	90	7.3	49	3.8
South Korea	458	7.6	966	16.7	155	12.5	354	27.4
Singapore	440	7.3	355	6.1	91	7.3	75	5.8
Vietnam	331	5.5	421	7.3	65	5.2	81	6.3
Sri Lanka	263	4.4	252	4.3	61	4.9	73	5.7
Thailand	203	3.4	614	10.6	70	5.7	159	12.3
Others*(Note)*	403	6.7	538	9.3	87	7.0	155	12.0
Total	**5,995**	**100.0**	**5,795**	**100.0**	**1,241**	**100.0**	**1,290**	**100.0**

Note: The category "Others" comprises 7, 10, 6 and 7 other countries in Asia for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively.

The following table sets forth a breakdown of our revenue by type of shipments during the Track Record Period:

Revenue by type of shipments

	Year ended 31 December				Three months ended 31 March			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Export	156,825	87.6	180,802	86.4	39,386	89.7	40,328	85.7
Import	7,762	4.3	7,855	3.7	1,622	3.7	1,905	4.0
Others*(Note)*	14,351	8.1	20,659	9.9	2,916	6.6	4,812	10.3
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

Note: The category "Others" includes those revenue generated from our ancillary logistics services and offshore shipments across nations that do not involve Hong Kong.

We have a strategic focus on providing freight forwarding services for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand. Our revenue attributable to shipments to destinations in Asia amounted to approximately HK$131.8 million in FY2014, HK$134.1 million in FY2015 and HK$33.5 million for the three months ended 31 March 2016, while our revenue attributable to export shipments amounted to approximately HK$156.8 million in FY2014, HK$180.8 million in FY2015 and HK$40.3 million for the three months ended 31 March 2016.

We experienced growth of approximately 1.7% and 7.4% in revenue derived from shipments to Asia from approximately HK$131.8 million in FY2014 to approximately HK$134.1 million in FY2015 and from approximately HK$31.2 million for the three months ended 31 March 2015 to approximately HK$33.5 million for the three months ended 31 March 2016. The increase from FY2014 to FY2015 was attributable to the combined effect of the increase in air and ocean freight shipment volume which outweighed the overall decrease in air and ocean freight rates while the increase from the three months ended 31 March 2015 to the three months ended 31 March 2016 was attributable to the increase in revenue generated from sales pursuant to the GSA agreement entered into in December 2015 which was partially offset by the decrease in revenue generated on routes to Bangladesh. We experienced a significant growth of approximately 338.6% in revenue derived from shipments to North America from approximately HK$7.0 million in FY2014 to approximately HK$30.7 million in FY2015. Such increase was attributable to the increase in demand for our air freight services for exporting goods to North America from Incipio mentioned above. We experienced a decline of approximately 47.1% in revenue derived from shipments to Europe from approximately HK$1.7 million for the three months ended 31 March 2015 to approximately HK$0.9 million for the three months ended 31 March 2016. Such decline was primarily attributable to the decrease in revenue generated from ocean shipments to Belgium and air shipments to Turkey.

The following table sets forth a breakdown of our revenue by type of customers during the Track Record Period:

Revenue by type of customers

	Year ended 31 December				**Three months ended 31 March**			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Direct customers —	**129,883**	**72.6**	**162,242**	**77.5**	**33,790**	**76.9**	**33,119**	**70.4**
Direct shipper customers	116,832	65.3	142,780	68.2	30,619	69.7	28,011	59.5
Logistics service customers	13,051	7.3	19,462	9.3	3,171	7.2	5,108	10.9
Freight forwarder customers	**49,055**	**27.4**	**47,074**	**22.5**	**10,134**	**23.1**	**13,926**	**29.6**
Total	**178,938**	**100.0**	**209,316**	**100.0**	**43,924**	**100.0**	**47,045**	**100.0**

Our customers comprise direct customers (direct shipper customers and logistics service customers) and freight forwarder customers. A majority of our customers are direct customers, contributing approximately 72.6%, 77.5% and 70.4% of our total revenue in FY2014, FY2015 and the three months ended 31 March 2016, respectively. From FY2014 to FY2015, we recorded an increase in revenue contributed by direct customers which was primarily attributable to the increase in sales of both our freight forwarding services and ancillary logistics services primarily as a result of the increase in sales to Incipio from both our air freight and ancillary logistics services. In contrast, we recorded a decrease in revenue contributed by freight forwarder customers from FY2014 to FY2015 which was primarily attributable to the general decrease in freight charges due to the decrease in fuel price. From the three months ended 31 March 2015 to the three months ended 31 March 2016, we recorded a decrease in revenue contributed by direct customers which was primarily attributable to the general decrease in revenue from direct shipper customers as a result of the general decrease in freight charges due to the decrease in fuel price. We recorded an increase in revenue contributed by freight forwarder customers which was primarily attributable to revenue generated from sales pursuant to the GSA agreement entered into in December 2015.

Cost of sales

The following table sets forth a breakdown of our cost of sales during the Track Record Period:

Cost of sales breakdown

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Freight charges*(Note 1)*	100,060	69.7	115,435	69.7	25,901	71.5	24,586	66.1
Local charges*(Note 2)*	17,571	12.2	20,653	12.5	4,309	11.9	4,866	13.1
Trucking costs*(Note 3)*	9,258	6.4	9,832	5.9	2,279	6.3	2,029	5.5
Operating lease payments	5,399	3.8	8,341	5.0	1,714	4.7	2,263	6.1
Staff costs	4,751	3.3	5,271	3.2	1,412	3.9	1,759	4.7
Others*(Note 4)*	6,560	4.6	6,144	3.7	589	1.7	1,706	4.5
Total	**143,599**	**100.0**	**165,676**	**100.0**	**36,204**	**100.0**	**37,209**	**100.0**

Notes:

1. Freight charges refer to costs of cargo spaces.

2. Local charges include costs of local handling and documentation.

3. Trucking costs include costs of ground transportation.

4. The category "Others" includes container seal fee, container imbalance charge and other miscellaneous charges.

Freight charges increased by approximately 15.3% from approximately HK$100.1 million in FY2014 to approximately HK$115.4 million in FY2015. Such increase was in line with the overall increase of approximately 14.5% in freight forwarding revenue from approximately HK$165.9 million in FY2014 to approximately HK$189.9 million in FY2015. Freight charges decreased by approximately

5.0% from approximately HK$25.9 million for the three months ended 31 March 2015 to approximately HK$24.6 million for the three months ended 31 March 2016. Such decrease was primarily attributable to the overall decrease in fuel price.

Local charges include costs of local handling and documentation charges from our freight forwarding segment which were incurred when airlines or shipping liners handled shipments at origin ports in Hong Kong. Local charges increased by approximately 17.6% from approximately HK$17.6 million in FY2014 to approximately HK$20.7 million in FY2015. Such increase was in line with the increase in freight charges. Local charges increased by approximately 14.0% from approximately HK$4.3 million for the three months ended 31 March 2015 to approximately HK$4.9 million for the three months ended 31 March 2016. Such increase was in line with the increase in revenue from our freight forwarding segment for the same period.

Operating lease payments are lease payments for our warehouses. Operating lease payments increased by approximately 53.7% from approximately HK$5.4 million in FY2014 to approximately HK$8.3 million in FY2015. Such increase was attributable to (a) the rental of our new warehouse in Tsing Yi in FY2015; (b) the expansion of our warehouse in Yau Tong in late 2014 and FY2015; and (c) the renewed and increased rental of our warehouse in Kwai Chung in June 2014 which was in line with our growth in revenue from our logistics services. Operating lease payments increased by approximately 35.3% from approximately HK$1.7 million for the three months ended 31 March 2015 to approximately HK$2.3 million for the three months ended 31 March 2016. Such increase was primarily attributable to the operating lease entered into in January 2016 for our new warehouse in Tsing Yi.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in freight charges on our profit before tax and our profit for the year during the Track Record Period. Fluctuations are assumed to be approximately 5.0% and 10.0% for FY2014, FY2015 and the three months ended 31 March 2015 and 2016, respectively, which correspond to the range of historical fluctuations of our freight charges during the Track Record Period.

(HK$'000, except percentages)

Hypothetical fluctuation	**+5%**	**-5%**	**+10%**	**-10%**
Impact on certain consolidated income statement items for the year ended 31 December 2014				
Change in freight charges	5,003	(5,003)	10,006	(10,006)
Change in profit before tax	(5,003)	5,003	(10,006)	10,006
Change in profit after tax	(4,178)	4,178	(8,355)	8,355
Impact on certain consolidated income statement items for the year ended 31 December 2015				
Change in freight charges	5,772	(5,772)	11,543	(11,543)
Change in profit before tax	(5,772)	5,772	(11,543)	11,543
Change in profit after tax	(4,819)	4,819	(9,639)	9,639

	(HK$'000, except percentages)			
Impact on certain consolidated income statement items for the three months ended 31 March 2015				
Change in freight charges	1,295	(1,295)	2,590	(2,590)
Change in profit before tax	(1,295)	1,295	(2,590)	2,590
Change in profit after tax	(1,081)	1,081	(2,163)	2,163
Impact on certain consolidated income statement items for the three months ended 31 March 2016				
Change in freight charges	1,229	(1,229)	2,459	(2,459)
Change in profit before tax	(1,229)	1,229	(2,459)	2,459
Change in profit after tax	(1,026)	1,026	(2,053)	2,053

The following tables set forth a unit cost analysis on the price of cargo space of our air freight and ocean freight forwarding services charged by our airline partners and shipping liners during the Track Record Period.

	Year ended 31 December 2014				**Year ended 31 December 2015**			
	Freight charge		**Shipment volume**	**Freight charge per unit cost**	**Freight charge**		**Shipment volume**	**Freight charge per unit cost**
	HK$'000	*%*	*'000*	*HK$*	*HK$'000*	*%*	*'000*	*HK$*
Air freight *(kg)*	52,255	52.2	4,134	12.6	72,531	62.8	5,512	13.2
Ocean freight *(cbm)*	47,805	47.8	344	139.0	42,903	37.2	376	114.1
Total	**100,060**	**100.0**	**—**	**—**	**115,434**	**100.0**	**—**	**—**

	Three months ended 31 March 2015				**Three months ended 31 March 2016**			
	Freight charge		**Shipment volume**	**Freight charge per unit cost**	**Freight charge**		**Shipment volume**	**Freight charge per unit cost**
	HK$'000	*%*	*'000*	*HK$*	*HK$'000*	*%*	*'000*	*HK$*
Air freight *(kg)*	13,914	53.7	1,048	13.3	13,962	56.8	1,912	7.3
Ocean freight *(cbm)*	11,987	46.3	91	131.7	10,624	43.2	87	122.1
Total	**25,901**	**100.0**	**—**	**—**	**24,586**	**100.0**	**—**	**—**

Our air freight charge per unit cost increased by approximately 4.8% from approximately HK$12.6 per kg in FY2014 to approximately HK$13.2 per kg in FY2015. Such increase was primarily attributable to an increase in air freight charges as a result of an increase in shipment volume on long-haul flights to North America. Our ocean freight charge per unit cost decreased by approximately 17.8% from approximately HK$139.0 per cbm in FY2014 to approximately HK$114.1 per cbm in FY2015. Such decrease was primarily attributable to the general decrease in ocean freight charges due to a decrease in fuel price.

Our air freight charge per unit cost decreased by approximately 45.1% from approximately HK$13.3 per kg for the three months ended 31 March 2015 to approximately HK$7.3 per kg for the three months ended 31 March 2016. Such decrease was primarily attributable to the general decrease in air freight charges due to the decrease in fuel price for the same period. Our ocean freight charge per unit cost decreased by approximately 7.3% from approximately HK$131.7 per cbm for the three months ended 31 March 2015 to approximately HK$122.1 per cbm for the three months ended 31 March 2016. Such decrease was primarily attributable to the general decrease in ocean freight charges due to the decrease in fuel price for the same period.

The following table sets forth a breakdown of our cost of sales by business segment during the Track Record Period:

Cost of sales breakdown by business segment

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Freight forwarding	**135,189**	**94.1**	**152,267**	**91.9**	**33,536**	**92.6**	**33,101**	**89.0**
Air freight	63,340	44.1	88,920	53.7	16,375	45.2	19,115	51.4
Ocean freight	71,849	50.0	63,347	38.2	17,161	47.4	13,986	37.6
Logistics	**8,410**	**5.9**	**13,409**	**8.1**	**2,668**	**7.4**	**4,108**	**11.0**
Total	**143,599**	**100.0**	**165,676**	**100.0**	**36,204**	**100.0**	**37,209**	**100.0**

Our total cost of sales increased by approximately 15.4% from approximately HK$143.6 million in FY2014 to approximately HK$165.7 million in FY2015. The overall increase in our total cost of sales was primarily attributable to the increase in revenue from our air freight and ancillary logistics services as a result of the increase in sales of these two types of services. Our total cost of sales increased by approximately 2.8% from approximately HK$36.2 million for the three months ended 31 March 2015 to approximately HK$37.2 million for the three months ended 31 March 2016. The overall increase in our total cost of sales was primarily attributable to the increase in revenue from our ancillary logistics services as a result of increase in sales of our ancillary logistics services.

Our cost of sales from our air freight services increased by approximately 40.4% from approximately HK$63.3 million in FY2014 to approximately HK$88.9 million in FY2015 while our cost of sales from our logistics services increased by approximately 59.5% from approximately HK$8.4 million in FY2014 to approximately HK$13.4 million in FY2015. Such increase was primarily attributable to the increase in freight charges, local charges and operating lease payments in FY2015 as discussed above. The overall increase in cost of sales from our freight forwarding services and logistics services was attributable to the increase in revenue from our air freight and ancillary logistics services as a result of the increase in sales of air cargo space and ancillary logistics services to Incipio. In contrast, our cost of sales from our ocean freight services decreased by approximately 12.0% from approximately HK$71.9 million to approximately HK$63.3 million. Such decrease was attributable to the decrease in cost of sea cargo spaces charged by our suppliers as a result of the decrease in fuel price.

Our cost of sales from our air freight services increased by approximately 16.5% from approximately HK$16.4 million for the three months ended 31 March 2015 to approximately HK$19.1 million for the three months ended 31 March 2016 while our cost of sales from our logistics services increased by approximately 51.9% from approximately HK$2.7 million for the three months ended 31 March 2015 to approximately HK$4.1 million for the three months ended 31 March 2016. Such increase was in line with the increase in revenue from these two segments for the same period. In contrast, our cost of sales from our ocean freight services decreased by approximately 18.6% from approximately HK$17.2 million for the three months ended 31 March 2015 to approximately HK$14.0 million for the three months ended 31 March 2016. Such decrease was in line with the decrease in revenue from our ocean freight segment.

Gross profit and gross profit margin

Our gross profit amounted to approximately HK$35.3 million, HK$43.6 million and HK$9.8 million in FY2014, FY2015 and the three months ended 31 March 2016, respectively, representing gross profit margin of approximately 19.7%, 20.8% and 20.9%, respectively.

The following table sets forth our gross profit and gross profit margin by business segment during the Track Record Period:

	Year ended 31 December				**Three months ended 31 March**			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Freight forwarding —	**30,698**	**18.5**	**37,587**	**19.8**	**7,218**	**17.7**	**8,837**	**21.1**
Air freight	9,271	12.8	13,027	12.8	2,213	11.9	3,668	16.1
Ocean freight	21,427	23.0	24,560	27.9	5,005	22.6	5,169	27.0
Logistics	**4,641**	**35.6**	**6,053**	**31.1**	**502**	**15.8**	**999**	**19.6**
Total	**35,339**	**19.7**	**43,640**	**20.8**	**7,720**	**17.6**	**9,836**	**20.9**

The following table sets forth a breakdown of our gross profit and gross profit margin by type of customers during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Direct customers —	**32,078**	**24.7**	**41,025**	**25.3**	**7,021**	**20.8**	**8,265**	**25.0**
Direct shipper customers	27,437	23.5	34,972	24.5	6,519	21.3	7,266	25.9
Logistics service customers	4,641	35.6	6,053	31.1	502	15.8	999	19.6
Freight forwarder customers	**3,261**	**6.6**	**2,615**	**5.6**	**699**	**6.9**	**1,571**	**11.3**
Total	**35,339**	**19.7**	**43,640**	**20.8**	**7,720**	**17.6**	**9,836**	**20.9**

The following table sets forth a breakdown of our gross profit and gross profit margin by major destinations and origins during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Gross profit generated from export shipments by destinations in Asia								
Bangladesh	12,151	18.0	15,441	19.5	3,148	18.6	2,946	18.4
Vietnam	4,243	19.4	5,708	25.4	1,034	19.4	1,245	27.5
Cambodia	3,223	24.3	2,211	24.3	372	14.0	561	24.3
Sri Lanka	1,211	10.7	1,219	12.0	254	10.7	298	12.0
Indonesia	1,058	18.6	767	23.1	138	18.6	125	23.1
Thailand	664	26.4	1,201	29.6	132	20.9	1,651	28.2
Others	1,844	19.3	1,226	21.3	506	19.6	387	22.2
Total	**24,394**	**18.5**	**27,773**	**20.7**	**5,584**	**17.9**	**7,213**	**21.5**

	Year ended 31 December				Three months ended 31 March			
	2014		2015		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Gross profit generated from import shipments by origins in Asia								
India	300	25.5	210	25.5	74	35.2	27	25.5
Taiwan	389	35.2	366	35.2	67	16.2	73	35.2
PRC	107	13.2	51	13.2	19	19.2	4	13.2
Bangladesh	165	20.5	81	20.5	18	23.9	10	20.5
South Korea	166	36.3	350	36.3	56	13.2	128	36.3
Singapore	84	19.2	68	19.2	18	20.5	14	19.2
Vietnam	55	16.7	70	16.7	11	22.0	13	16.7
Sri Lanka	58	22.0	56	22.0	13	27.7	16	22.0
Thailand	49	23.9	146	23.9	17	16.7	38	23.9
Others	75	18.5	107	20.0	15	17.3	29	18.6
Total	**1,448**	**24.2**	**1,505**	**26.0**	**308**	**24.8**	**352**	**27.3**

Our gross profit increased by approximately HK$8.3 million, or 23.5%, in FY2015 as compared with FY2014. Such increase was attributable to the overall increase in gross profit in all our business segments as a result of the increase in revenue of approximately HK$30.4 million contributed by all our business segments. Our gross profit increased by approximately HK$2.1 million, or 27.3% for the three months ended 31 March 2015, as compared with the three months ended 31 March 2016. Such increase was attributable to the increase in gross profit from all our business segments as a result of the increase in revenue of approximately HK$3.1 million contributed by all our business segments.

Our gross profit margin of total revenue increased from approximately 19.7% in FY2014 to approximately 20.8% in FY2015. Such increase was primarily attributable to the increase in gross profit margin from our ocean freight forwarding services. Our gross profit margin of total revenue increased from approximately 17.6% for the three months ended 31 March 2015 to approximately 20.9% for the three months ended 31 March 2016. Such increase was primarily attributable to the increase in gross profit margin from all our business segments.

Our gross profit margin attributable to freight forwarder customers increased from approximately 5.6% in FY2015 to approximately 11.3% in the three months ended 31 March 2016. Such increase was primarily attributable to the relatively higher gross profit margin of our services provided to freight forwarder customers in connection with the GSA agreement entered into with a regional airline based in Thailand (Supplier H) in December 2015.

Air freight

Gross profit from our air freight services increased by approximately 39.8% from approximately HK$9.3 million in FY2014 to approximately HK$13.0 million in FY2015 while gross profit margin remained at approximately 12.8% for the two years ended 31 December 2014 and 2015. Such increase in gross profit was attributable to the increase in sales of air cargo spaces and the increase in air freight shipment volume.

Gross profit from our air freight services increased by approximately 68.2% from approximately HK$2.2 million for the three months ended 31 March 2015 to approximately HK$3.7 million for the three months ended 31 March 2016, while gross profit margin increased from approximately 11.9% to approximately 16.1% for the same period. Such increase in gross profit and gross profit margin was primarily attributable to the increase in sales of air cargo spaces, the increase in air freight shipment volume and the decrease in cost of air cargo spaces charged by our suppliers.

Ocean freight

Gross profit from our ocean freight services increased by approximately 15.0% from approximately HK$21.4 million in FY2014 to approximately HK$24.6 million in FY2015 while gross profit margin increased from approximately 23.0% in FY2014 to approximately 27.9% in FY2015. Such increase in both gross profit and gross profit margin was attributable to the increase in ocean freight shipment volume with the overall decrease in cost of sea cargo spaces charged by our suppliers as we did not reflect all the decrease in costs of sea cargo spaces charged by our suppliers in the price of sea cargo spaces we sold to our customers in FY2015. We were able to capture a higher gross profit margin because the price of sea cargo spaces we offered to our customers were generally less responsive to the decrease in cost of sea cargo spaces charged by our suppliers as compared to the decrease in the price of air cargo space we offered to our customers in response to the decrease in cost of air cargo space charged by our suppliers.

Gross profit from our ocean freight services increased by approximately 4.0% from approximately HK$5.0 million for the three months ended 31 March 2015 to approximately HK$5.2 million for the three months ended 31 March 2016 while gross profit margin increased from approximately 22.6% to approximately 27.0% for the same period. Due to a drop in fuel price, the prices charged by our shipping liner partners decreased, which in turn led to a decrease in our costs. As the prices charged by our shipping liner partners decreased at a faster pace than the decreasing prices we charged our customers, we recorded an increase in our gross profit margin from our ocean freight services for the three months ended 31 March 2016. Such increase in gross profit and increase in gross profit margin was attributable to the overall decrease in cost of sea cargo spaces charged by our suppliers for the reasons set out above which outweighed the decrease in price of sea cargo spaces we sold to our customers.

Logistics

Gross profit from our logistics services increased by approximately 32.6% from approximately HK$4.6 million in FY2014 to approximately HK$6.1 million in FY2015 while gross profit margin decreased from approximately 35.6% in FY2014 to approximately 31.1% in FY2015. Such increase in gross profit was attributable to the increase in revenue from our logistics services while the decrease in gross profit margin was attributable to the percentage increase in cost of sales from our ancillary logistics services as a result of the increase in warehouse rental expenses for (a) the rental of our new warehouse in Tsing Yi in FY2015; (b) the expansion of our warehouse in Yau Tong in late 2014 and FY2015; (c) the renewed and increased rental of our warehouse in Kwai Chung in June 2014 which partially offset the percentage increase in revenue from our logistics services. For details of the properties we lease, please refer to the paragraph headed "Business — Properties" in this prospectus.

Gross profit from our logistics services increased by approximately 100.0% from approximately HK$0.5 million for the three months ended 31 March 2015 to approximately HK$1.0 million for the three months ended 31 March 2016 while gross profit margin increased from approximately 15.8% to approximately 19.6% for the same period. Such increase in gross profit was mainly attributable to the increase in revenue from our logistics services for the same period while the increase in gross profit margin was attributable to the increase in revenue for providing logistics services to Incipio.

Our gross profit margin for logistics services decreased from approximately 31.1% in FY2015 to approximately 19.6% in the three months ended 31 March 2016. Such decrease in gross profit margin was primarily attributable to the decrease in revenue during the Lunar New Year in February 2016 combined with the continued incurrence of our fixed costs (e.g. rental expenses), and the increase in warehouse rental expenses for the rental of our new warehouse in Tsing Yi in January 2016.

Other income

Our other income mainly consists of interest income from bank deposits and sundry income.

Other gains and losses

Our other gains and losses mainly consist of net exchange gains or losses and loss on disposal of property, plant and equipment.

Administrative expenses

Our administrative expenses mainly consist of (a) staff costs; (b) utilities and management fees; (c) operating lease payments; (d) depreciation and amortisation; (e) entertainment expenses; (f) transportation expenses; and (g) professional fees. The following table sets forth a breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 December				**Three months ended 31 March**			
	2014		**2015**		**2015**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Staff costs	15,424	64.6	18,345	67.0	3,872	66.1	4,756	63.9
Utilities and management fees	790	3.3	888	3.3	137	2.3	179	2.4
Operating lease payments	1,725	7.2	1,735	6.3	433	7.4	625	8.4
Depreciation and amortisation	1,120	4.7	1,343	4.9	309	5.3	402	5.4
Entertainment expenses	883	3.7	635	2.3	153	2.6	230	3.1
Transportation expenses	1,210	5.1	1,233	4.5	286	4.9	234	3.1
Professional fees	482	2.0	587	2.1	95	1.6	148	2.0
Others *(Note)*	2,259	9.4	2,620	9.6	574	9.8	870	11.7
Total	**23,893**	**100.0**	**27,386**	**100.0**	**5,859**	**100.0**	**7,444**	**100.0**

Note: The category "Others" mainly represents bank charges, insurance expenses and other miscellaneous office expenses.

Our administrative expenses amounted to approximately HK$23.9 million, HK$27.4 million and HK$7.4 million, representing approximately 13.4%, 13.1% and 15.8% of our total revenue for FY2014, FY2015 and the three months ended 31 March 2016, respectively. Our administrative expenses increased by approximately HK$3.5 million, or 14.6%, in FY2015 as compared with FY2014. Such increase was primarily due to the increase in our staff costs from approximately HK$15.4 million to approximately HK$18.3 million as a result of the increase in salary and bonuses paid to our staff. Our administrative expenses increased by approximately HK$1.6 million, or 27.1% for the three months ended 31 March 2015 as compared to the three months ended 31 March 2016. Such increase was primarily attributable to the increase in our staff costs from approximately HK$3.9 million to approximately HK$4.8 million as a result of the increase in the number of senior staff during the same period. Our professional fees incurred in FY2014, FY2015 and the three months ended 31 March 2016, mainly represented audit fee in the amount of approximately HK$0.3 million for each of FY2014 and FY2015 and approximately HK$0.1 million for the three months ended 31 March 2016.

Finance costs

Our finance costs represent interest expenses on bank borrowings and finance leases. Our Group's bank borrowings carried variable interest rates with reference to the HKD Best Lending Rate minus certain basis points. As at 31 December 2014, our Group's bank borrowings carried an effective interest rate of 3% per annum. Interest rates underlying all obligations under our finance leases were fixed at respective contract rates ranging from 3.28% to 4.95% per annum for the Track Record Period.

Income tax expense

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits during the Track Record Period. Our income tax expense increased by approximately HK$0.9 million, or 49.1%, in FY2015 as compared with FY2014 and increased by approximately HK$0.1 million, or 39.3% for the three months ended 31 March 2016, as compared with the three months ended 31 March 2015. Such increase was primarily attributable to the increase in our profit before taxation (excluding the Listing expenses) in FY2015 and the three months ended 31 March 2016, respectively. Our effective tax rates were 16.5%, 16.8% and 23.7% for FY2014, FY2015 and the three months ended 31 March 2016, respectively. The increase in our effective tax rate for the three months ended 31 March 2016 was primarily attributable to the increase in non-deductible expenses such as the Listing expenses.

Our Directors are not aware of any unpaid tax, dispute or unresolved tax issue with the relevant tax authority.

Profit and total comprehensive income for the year

Our profit and total comprehensive income for the year amounted to approximately HK$9.3 million and HK$13.6 million for FY2014 and FY2015, respectively. Our profit for the year increased by approximately HK$4.3 million, or 46.2%, in FY2015 as compared with FY2014. Such increase was primarily attributable to the combined effect of the aforementioned items. Our loss and total comprehensive expense for the three months ended 31 March 2016 amounted to approximately HK$2.5 million primarily attributable to Listing expenses incurred of approximately HK$4.6 million.

Our Group's net profit margin increased from approximately 5.2% for FY2014 to approximately 6.5% for FY2015. Such increase was primarily attributable to the increase in gross profit from approximately HK$35.3 million for FY2014 to approximately HK$43.6 million for FY2015. Our Group's net loss margin for the three months ended 31 March 2016 was approximately 5.4% as a result of Listing expenses incurred during the period of approximately HK$4.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are for the payment of purchases of air and sea cargo space and various operating expenses. During the Track Record Period, our Group's operations were generally financed through a combination of shareholder's equity, internally generated cash flows and borrowings from banks, related parties and Mr. Cheng. There were no material changes in our underlying drivers of sources and uses of cash during the Track Record Period.

Cash flows

The following table sets forth a condensed summary of our Group's consolidated statements of cash flows for the years indicated:

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Net cash from (used in) operating activities	5,668	6,800	6,499	(8,878)*(Note)*
Net cash (used in) from investing activities	(17,339)	14,448	16,219	14,881
Net cash from (used in) financing activities	11,660	(19,345)	(24,317)	(1,703)
Net (decrease) increase in cash and cash equivalents	(11)	1,903	(1,599)	4,300
Cash and cash equivalents as at 1 January	3,664	3,653	3,653	5,556
Cash and cash equivalents as at 31 December/31 March	3,653	5,556	2,054	9,856

Note: For the three months ended 31 March 2016, we recorded net cash flow used in operating activities amounting to approximately HK$8.9 million which was attributable to (a) the Listing expenses incurred of approximately HK$4.6 million; (b) the decrease in amounts due to related parties of approximately HK$14.3 million which were offset by (c) the decrease in amount due from a related party of approximately HK$7.2 million. If the net impact of the aforementioned items (a), (b) and (c) had been excluded, we would have recorded net cash flow from operating activities amounting to approximately HK$2.8 million.

Net cash from (used in) operating activities

We derive our cash generated from operating activities principally from the receipt of payments for freight forwarding services and ancillary logistics services provided to our customers. Cash used in operating activities is principally for purchases of air and sea cargo space and operating expenses such as staff costs and rental expenses.

FY2014

Net cash flow from operating activities for FY2014 amounted to approximately HK$5.7 million while our profit before tax amounted to approximately HK$11.1 million. The difference of approximately HK$5.4 million was primarily due to (a) the increase in other payables and accruals of approximately HK$3.6 million which was offset by (b) the decrease in trade payables of approximately HK$3.9 million; (c) the decrease in amounts due to related parties of approximately HK$4.2 million arising from operating activities; and (d) the payment of profits tax of approximately HK$2.1 million.

FY2015

Net cash flow from operating activities for FY2015 amounted to approximately HK$6.8 million while our profit before tax amounted to approximately HK$16.3 million. The difference of approximately HK$9.5 million was primarily due to (a) the increase in trade payables of approximately HK$7.0 million; and (b) the increase in amounts due to related parties of approximately HK$2.7 million which were offset by (c) the increase in rental deposits of approximately HK$1.1 million; (d) the increase in trade receivables of approximately HK$4.5 million; (e) the increase in other receivables, deposits and prepayments of approximately HK$4.1 million; (f) the increase in amount due from a related party of approximately HK$8.2 million; (g) the decrease in other payables and accruals of approximately HK$1.4 million; and (h) the payment of profits tax of approximately HK$1.4 million.

For the three months ended 31 March 2015

Net cash flow from operating activities for the three months ended 31 March 2015 amounted to approximately HK$6.5 million while our profit before tax amounted to approximately HK$1.8 million. The difference of approximately HK$4.7 million was primarily due to (a) decrease in other payables and accruals of approximately HK$4.4 million which was offset by (b) increase in trade payables of approximately HK$1.7 million and (c) increase in amounts due to related parties of approximately HK$6.6 million.

For the three months ended 31 March 2016

Net cash flow used in operating activities for the three months ended 31 March 2016 amounted to approximately HK$8.9 million while our loss before tax amounted to approximately HK$2.0 million. The difference of approximately HK$6.9 million was primarily due to (a) the increase in rental deposits of approximately HK$2.4 million; (b) the increase in other receivables, deposits and prepayments of approximately HK$1.3 million; (c) decrease in trade payables of approximately HK$5.2 million; and (d) decrease in amounts due to related parties of approximately HK$14.3 million which were offset by (e) decrease in trade receivables of approximately HK$6.8 million; (f) decrease in amount due from a related party of approximately HK$7.2 million; and (g) increase in other payables and accruals of approximately HK$2.2 million.

Net cash (used in) from investing activities

Our investing activities during the Track Record Period primarily included (a) the placement and withdrawal of pledged bank deposit; (b) the advance to and the repayment from related parties arising from investing activities; (c) the purchase of property, plant and equipment and computer software; and (d) the increase in other receivables. We recorded net cash flow used in investment activities amounting to approximately HK$17.3 million for FY2014, net cash flow from investing activities amounting to approximately HK$14.4 million for FY2015 and net cash flow from investing activities amounting to approximately HK$14.9 million for the three months ended 31 March 2016.

FY2014

Net cash flow used in investing activities amounting to approximately HK$17.3 million for FY2014 was primarily due to (a) the placement of pledged bank deposit of approximately HK$16.5 million; (b) the advance to related parties of approximately HK$0.7 million; (c) the purchase of property, plant and equipment and computer software of approximately HK$0.7 million which were partially offset by (d) the repayment from related parties of approximately HK$0.5 million.

FY2015

Net cash flow from investing activities amounting to approximately HK$14.4 million for FY2015 was primarily due to (a) the withdrawal of pledged bank deposit of approximately HK$16.5 million which was partially offset by (b) the purchase of property, plant and equipment and computer software of approximately HK$2.0 million; and (c) the advance to related parties of approximately HK$0.1 million.

For the three months ended 31 March 2015

Net cash flow from investing activities amounting to approximately HK$16.2 million was primarily due to (a) withdrawal of pledged bank deposit of approximately HK$16.5 million which was partially offset by (b) purchase of property, plant and equipment and computer software of approximately HK$0.2 million.

For the three months ended 31 March 2016

Net cash flow from investing activities amounting to approximately HK$14.9 million was primarily due to (a) repayment from related parties of approximately HK$4.9 million; (b) decrease in other receivables of approximately HK$11.3 million; (c) proceeds from disposal of property, plant and equipment of approximately HK$0.2 million which were partially offset by (d) purchase of property, plant and equipment and computer software of approximately HK$1.2 million; and (e) advance to related parties of approximately HK$0.3 million.

Net cash from (used in) financing activities

Our financing activities during the Track Record Period primarily included (a) the advance from and the repayment to a Director; (b) the repayment of bank borrowings; (c) the repayment and addition of obligations under finance leases; (d) the repayment to and the advance from related parties; and (e) the payment of dividends.

FY2014

Net cash flow from financing activities amounting to approximately HK$11.7 million for FY2014 was primarily due to (a) the advance from a Director of approximately HK$21.5 million which was partially offset by (b) the repayment of bank borrowings of approximately HK$2.6 million; (c) the repayment to a Director of approximately HK$5.8 million; (d) the repayment of obligations under finance leases of approximately HK$1.0 million; (e) the repayment to related parties of approximately HK$0.2 million; and (f) the payment of dividends of approximately HK$0.2 million.

FY2015

Net cash flow used in financing activities amounting to approximately HK$19.3 million for FY2015 was primarily due to (a) the repayment to a Director of approximately HK$53.8 million; (b) the repayment to related parties of approximately HK$0.8 million; (c) the repayment of bank borrowings of approximately HK$0.4 million; (d) the repayment of obligations under finance leases of approximately HK$1.1 million which was partially offset by (e) the advance from a Director of approximately HK$34.9 million; and (f) the advance from related parties of approximately HK$2.0 million.

For the three months ended 31 March 2015

Net cash flow used in financing activities amounting to approximately HK$24.3 million was primarily due to (a) repayment due to a Director of approximately HK$23.5 million; (b) repayment of bank borrowings of approximately HK$0.4 million; and (c) repayment of obligations under finance leases of approximately HK$0.3 million.

For the three months ended 31 March 2016

Net cash flow used in financing activities amounting to approximately HK$1.7 million for the three months ended 31 March 2016 was primarily due to (a) repayment to related parties of approximately HK$1.2 million; and (b) the repayment of obligations under finance leases of approximately HK$0.5 million.

ANALYSIS OF VARIOUS ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Net current assets

The following table sets forth a breakdown of our current assets and liabilities as at the dates indicated:

	As at 31 December		As at 31 March	As at 31 July
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Current assets				
Trade receivables	30,948	35,426	28,643	37,717
Other receivables, deposits and prepayments	1,289	17,765	7,607	8,016
Amount due from ultimate holding company*(Note)*	—	5	5	5
Amounts due from related parties	15,749	11,703	—	—
Tax recoverable	—	190	174	174
Pledged bank deposit	16,500	—	—	—
Bank balances and cash	3,653	5,556	9,856	3,995
	68,139	70,645	46,285	49,907
Current liabilities				
Trade payables	9,615	16,569	11,356	18,755
Other payables and accruals	5,962	4,603	6,797	5,575
Amount due to a Director (Mr. Cheng)	26,712	6,658	6,658	6,658
Amounts due to related parties	11,986	15,505	—	—
Advance from minority shareholders of Transpeed Hong Kong	96	—	—	—
Tax payable	75	747	1,363	2,545
Obligations under finance leases — due within one year	1,145	763	875	344
Bank borrowings	415	—	—	—
	56,006	44,845	27,049	33,877
Net current assets	**12,133**	**25,800**	**19,236**	**16,030**

Note: To the best knowledge of our Directors, the amount due from ultimate holding company will be settled upon the Listing.

Our net current assets amounted to approximately HK$12.1 million, HK$25.8 million, HK$19.2 million and HK$16.0 million as at 31 December 2014, 2015, 31 March 2016 and 31 July 2016, respectively.

As at 31 December 2014 to 31 December 2015

Our net current assets increased by approximately HK$13.7 million, or 113.2%, from approximately HK$12.1 million as at 31 December 2014 to approximately HK$25.8 million as at 31 December 2015 primarily resulted from our profit for the year of approximately HK$13.6 million.

As at 31 December 2015 to 31 March 2016

Our net current assets decreased by approximately HK$6.6 million, or 25.6%, from approximately HK$25.8 million as at 31 December 2015 to approximately HK$19.2 million as at 31 March 2016 primarily resulted from our loss for the period of approximately HK$2.5 million as a result of the recognition of Listing expenses in the amount of approximately HK$4.6 million.

Trade receivables analysis

Our trade receivables primarily represent receivables for air and sea cargo spaces sold to our customers.

Our trade receivables increased by approximately HK$4.5 million, or 14.6%, from approximately HK$30.9 million as at 31 December 2014 to approximately HK$35.4 million as at 31 December 2015. Such increase was primarily attributable to our business growth in FY2015 as evidenced by the increase in revenue by approximately 17.0% in FY2015 as compared with that of FY2014. Our trade receivables decreased by approximately HK$6.8 million, or 19.2% from approximately HK$35.4 million as at 31 December 2015 to approximately HK$28.6 million as at 31 March 2016. Such decrease was primarily attributable to the Lunar New Year in February 2016.

The following tables set forth an ageing analysis of our trade receivables as at the dates indicated and our average trade receivables turnover days for the Track Record Period:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	15,267	16,864	15,843
31–60 days	11,425	14,259	8,103
61–90 days	3,675	3,051	4,098
Over 90 days	581	1,252	599
	30,948	**35,426**	**28,643**

	As at 31 December		As at 31 March
	2014	2015	2016
Average trade receivables turnover days[(Note)]	63	58	62

Note: Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by the number of days of the year/period (i.e. 365 days for a full year). Average trade receivables equals trade receivables at the beginning of the year plus trade receivables at the end of the year/period divided by two.

The decrease in average trade receivables turnover days from 63 days as at 31 December 2014 to 58 days as at 31 December 2015 was attributable to faster settlement in trade receivables as a result of the efforts of our staff in collecting outstanding balance of trade receivables. The increase in average trade receivables turnover days from 58 days as at 31 December 2015 to 62 days as at 31 March 2016 was attributable to the Lunar New Year in February 2016.

Our Group did not make any provision on trade receivables during the Track Record Period. However, our Directors will consider making specific provisions for trade receivables when there are indications that the balances are unlikely to be recovered. During the Track Record Period, there were no bad-debts provision nor bad debts written off.

As at the Latest Practicable Date, approximately HK$35.3 million and HK$27.2 million, representing 99.6% and 95.0% of our trade receivables as at 31 December 2015 and 31 March 2016, had been settled, respectively.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments primarily consisted of rental deposits, prepayments, other deposits for FY2014, FY2015 and the three months ended 31 March 2016 and the amount due from JFX Holding in FY2015.

Our other receivables, deposits and prepayments amounted to approximately HK$1.3 million, HK$17.8 million and HK$7.6 million as at 31 December 2014, 2015 and 31 March 2016, respectively, representing an increase of approximately 1,269.2% from 31 December 2014 to 31 December 2015 and a decrease of approximately 57.3% from 31 December 2015 to 31 March 2016. The increase from 31 December 2014 to 31 December 2015 was primarily attributable to (i) the reclassification of the amount due from JFX Holding of approximately HK$11.3 million as at 31 December 2014 to other receivables as at 31 December 2015 upon disposal of JFX Holding in December 2015 (for details, please refer to note 18 to the Accountants' Report set out in Appendix I to this prospectus); (ii) the cash deposit of HK$3.0 million in favour of our airline partner (Supplier H) which entered into a GSA agreement with us; and (iii) the increase in rental deposit of approximately HK$1.1 million. For details of the disposal of JFX Holding, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation — Disposal of JFX Holding" in this prospectus. The decrease from 31 December 2015 to 31 March 2016 was primarily attributable to the settlement of the amount due from JFX Holding of approximately HK$11.3 million.

Trade payables analysis

Our trade payables are primarily related to the costs of purchasing air and sea cargo space.

Our trade payables increased by approximately HK$7.0 million, or 72.9%, from approximately HK$9.6 million as at 31 December 2014 to approximately HK$16.6 million as at 31 December 2015. Such increase was in line with the increase in our total cost of sales leading to larger trade payables from purchases of cargo spaces in FY2015 and was primarily attributable to the increase in trade payables for purchasing cargo space from three of our freight forwarder suppliers in an aggregate amount of approximately HK$4.5 million as at 31 December 2015.

Our trade payables decreased by approximately HK$5.2 million, or 31.3%, from approximately HK$16.6 million as at 31 December 2015 to approximately HK$11.4 million as at 31 March 2016. Such decrease was attributable to the Lunar New Year in February 2016.

The following tables set forth an ageing analysis of our trade payables as at the dates indicated and our average trade payables turnover days for the Track Record Period:

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	6,755	12,394	7,679
31–60 days	2,280	2,997	2,373
61–90 days	298	371	719
Over 90 days	282	807	585
	9,615	**16,569**	**11,356**

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
Average trade payables turnover days*(Note)*	29	29	34
Average trade payables turnover days of suppliers of air freight forwarding services	39	36	44
Average trade payables turnover days of suppliers of ocean freight forwarding services	23	23	30

Note: Average trade payables turnover days is equal to the average trade payables divided by total cost of sales and multiplied by the number of days of the year/period (i.e. 365 days for a full year). Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year divided by two.

Average trade payables turnover days remained stable during the Track Record Period. The increase in average trade payables turnover days from 29 days as at 31 December 2015 to 34 days as at 31 March 2016 was attributable to the Lunar New Year in February 2016.

As at the Latest Practicable Date, approximately HK$16.3 million and HK$9.6 million, representing 98.2% and 84.5% of our trade payables as at 31 December 2015 and 31 March 2016, had been settled, respectively.

Our average trade receivables turnover days ranged from 58 to 63 days while our average trade payables turnover days ranged from 29 to 34 days during the Track Record Period. This indicates that there was a mismatch between our average trade receivables turnover days and average trade payables turnover days causing a potential cash flow gap. Our Directors believe that such cash flow gap is common among freight forwarders with a similar business model in the industry. Our Directors have confirmed that such cash flow gap has no material adverse impact on our Group's liquidity.

Other payables and accruals

Our other payables and accruals primarily consisted of accruals and receipts in advance from customers during the Track Record Period.

Our accruals and receipts in advance from customers amounted to approximately HK$6.0 million and HK$4.6 million as at 31 December 2014 and 2015, respectively, which mainly represented accruals for purchase of cargo spaces, accrued staff salaries and allowances and other accrued office expenses. The decrease of approximately HK$1.4 million, or 23.3%, in our accruals and receipts in advance from customers in FY2015 was primarily attributable to the decrease in accrued staff salaries and allowances as a result of the partial payment of staff bonus in FY2015.

Our accruals and receipts in advance from customers amounted to approximately HK$6.8 million as at 31 March 2016. The increase of approximately HK$2.2 million, or 47.8%, in our accruals and receipts in advance from customers for the three months ended 31 March 2016 was primarily attributable to the increase in deposits received from our customers in the amount of approximately HK$1.9 million.

Amount due to a Director

The following table sets forth the amount due to our executive Director, namely Mr. Cheng, as at the dates indicated:

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
Amount due to a Director	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Cheng	26,712	6,658	6,658

The amount due to Mr. Cheng as at 31 December 2014 and 2015 and 31 March 2016 are non-trade in nature, unsecured, non-interest bearing and repayable on demand. Our Directors have confirmed that the balance due to Mr. Cheng will be settled upon the Listing by way of settlement of HK$2.0 million in cash from internally generated funds and capitalisation of the remaining balance.

Amounts due from and to related parties

The following table sets forth a breakdown of the amounts due from and to related parties as at the dates indicated:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
Amounts due from related parties	*HK$'000*	*HK$'000*	*HK$'000*
JFX Holding	11,280	—	—
JLA Logistics Limited*(Note)*	4,469	4,546	—
JFXL*(Note)*	—	7,157	—
	15,749	11,703	—
Amount due to a director			
Mr. Cheng	26,712	6,658	6,658
Amounts due to related parties			
Freight Concept*(Note)*	11,552	15,505	—
JFXL*(Note)*	434	—	—
	11,986	15,505	—

Note: These companies were under common control by Mr. Cheng prior to 31 December 2015. Due to the directorship of Mr. Cheng therein, these companies were related parties of our Group from 31 December 2015 to 18 February 2016.

During the Track Record Period, we had balances due from and to our related parties, namely JFX Holding, JLA Logistics Limited, JFXL and Freight Concept. All the above balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand. Except for the amount due from JFXL and the amount due to JFXL, all the above balances represent advances to or from our Group for general working capital. The balance with JFXL mainly represents receipt of trade receivables from our Group's customers by JFXL on behalf of Janco Global Logistics.

The decrease in amounts due from related parties for FY2015 was primarily attributable to the reclassification of the amount due from JFX Holding of approximately HK$11.3 million from amounts due from related parties to other receivables upon disposal of JFX Holding in December 2015 while the increase in amounts due to related parties for FY2015 was primarily attributable to the increase in amount due to Freight Concept, being a related party. The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Our Directors have confirmed that all balances due from and to related parties had been settled as at the Latest Practicable Date by way of (a) set off of the amount due from JFX Holding, the amount due from JLA Logistics Limited and the amount due from JFXL, against the amount due to Freight Concept; and (b) the settlement of the remaining amount due from JFX Holding in cash.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	As at/Year ended 31 December		As at/Three months ended 31 March
	2014	**2015**	**2016**
Current ratio*(Note 1)*	1.2 times	1.6 times	1.7 times
Gearing ratio*(Note 2)*	16.2%	3.2%	4.3%
Interest coverage ratio*(Note 3)*	115.6 times	356.0 times	N/A
Return on total assets ratio*(Note 4)*	12.6%	17.6%	(4.5)%
Return on equity ratio*(Note 5)*	56.8%	43.7%	(8.8)%

Notes:

1. Current ratio is the ratio of total current assets to total current liabilities.

2. Gearing ratio is the total debt (including bank borrowings, obligations under financial leases and advance from minority shareholders of Transpeed Hong Kong) divided by total equity and multiplied by 100%.

3. Interest coverage ratio is calculated by dividing profit/(loss) before interest and tax by interest expense. As our Group had incurred a net loss for the three months ended 31 March 2016, the interest coverage ratio is not applicable for this period.

4. Return on total assets ratio is calculated by dividing the net profit/(loss) for the year/period by total assets and multiplied by 100%.

5. Return on equity ratio is calculated by dividing net profit/(loss) for the year/period by total equity and multiplied by 100%.

Current ratio

Our current ratio amounted to approximately 1.2 times, 1.6 times and 1.7 times as at 31 December 2014 and 2015 and 31 March 2016, respectively. The increase from 2014 to 2015 was attributable to our profit for the year ended 31 December 2015 which improved our working capital position. The increase from 2015 to 2016 was attributable to our improved working capital position.

Gearing ratio

Our gearing ratio amounted to approximately 16.2%, 3.2% and 4.3% as at 31 December 2014 and 2015 and 31 March 2016, respectively. This was mainly due to the settlement of bank borrowings of approximately HK$0.4 million and the obligations under finance leases of approximately HK$1.1 million in FY2015. There was no material fluctuation in our gearing ratio in 2016.

Interest coverage ratio

Our interest coverage ratio amounted to approximately 115.6 times and 356.0 times as at 31 December 2014 and 2015, respectively. The increase from 2014 to 2015 was attributable to the combined effect of the increase in our profit for the year in FY2015 and the decrease in finance costs in FY2015. The interest coverage ratio for the three months ended 31 March 2016 was not applicable to our Group as our Group was loss making during the period.

Return on total assets ratio

Our return on total assets ratio amounted to approximately 12.6%, 17.6% and –4.5% as at 31 December 2014 and 2015 and 31 March 2016, respectively. The increase from 2014 to 2015 was attributable to the increase in our profit for the year from approximately HK$9.3 million for FY2014 to approximately HK$13.6 million for FY2015 which represented an increase of approximately 46.2%. The negative return on total assets ratio as at 31 March 2016 was attributable to the loss for the period ended 31 March 2016.

Return on equity ratio

Our return on equity ratio amounted to approximately 56.8%, 43.7% and –8.8% as at 31 December 2014 and 2015 and 31 March 2016, respectively. The decrease from 2014 to 2015 was attributable to (a) our relatively higher equity as at 31 December 2015 compared with that as at 31 December 2014; and (b) the recognition of capital reserve arising from the Reorganisation which outweighed the increase in our profit from approximately HK$9.3 million in FY2014 to approximately HK$13.6 million in FY2015. The negative return on equity ratio as at 31 March 2016 was attributable to the loss for the period ended 31 March 2016.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

The following table sets forth future minimum operating lease payments under non-cancellable operating leases as at the dates indicated.

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	4,429	6,222	15,353
In the second to fifth year inclusive	1,916	8,212	20,158
	6,345	**14,434**	**35,511**

As at 31 December 2014 and 2015, related parties of our Group controlled by Mr. Cheng had entered into five and four operating leases, respectively, on behalf of our Group. The commitments for future minimum lease payments under these non-cancellable operating leases which fall due are as follows:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	3,646	5,306	—
In the second to fifth year inclusive	1,941	1,127	—
	5,587	**6,433**	**—**

All of the abovementioned commitments for future minimum lease payments under these non-cancellable operating leases have become the commitments of our Group by April 2016.

Our operating lease commitments represent the leases of our office premises and warehouses. As at 31 December 2014 and 2015 and 31 March 2016, our lease commitments amounted to approximately HK$11.9 million, HK$20.9 million and HK$35.5 million, respectively. The increase from 2014 to 2015 was mainly due to the entering into of various leases for our warehouses in the course of our Group's business expansion.

Total outstanding payment obligations under finance leases

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,192	780	903
In more than one year but not more than two years	780	233	207
In more than two years but not more than five years	233	—	147
Less: future finance charges	(65)	(18)	(41)
	2,140	**995**	**1,216**

Our obligations under finance leases represent the lease of motor vehicles under finance leases. The average lease term during the Track Record Period is three years. Interest rates underlying all obligations under finance leases fixed at respective contract dates during the Track Record Period ranged from approximately 3.28% to 4.95% per annum.

Capital commitments outstanding but not provided for in our financial statements

There were no capital commitments outstanding and not provided for in our financial statements as at 31 December 2014, 2015 and 31 March 2016.

INDEBTEDNESS

The following table sets forth our bank borrowings, amount due to a Director, amounts due to related parties, obligations under finance leases and advance from minority shareholders of Transpeed Hong Kong as at dates indicated:

	As at 31 December		**As at 31 March**	**As at 31 July**
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Bank borrowings	415	—	—	—
Unsecured and unguaranteed amount due to a Director (Mr. Cheng)	26,712	6,658	6,658	6,658
Amounts due to related parties	11,986	15,505	—	—
Secured and unguaranteed obligations under finance leases	2,140	995	1,216	1,106
Advance from minority shareholders of Transpeed Hong Kong	96	—	—	—
	41,349	**23,158**	**7,874**	**7,764**

Our Directors have confirmed that the balance due to Mr. Cheng will be settled upon the Listing by way of settlement of HK$2.0 million in cash from internally generated funds and capitalisation of the remaining balance.

At the close of business on 31 July 2016, our bank borrowing facilities were secured and guaranteed by (a) the personal guarantee given by Mr. Cheng; and (b) a property held by Mr. Cheng and our obligations under finance leases were secured by the motor vehicles owned by our Group. The personal guarantee under (a) above and the security given by the property under (b) above will be released and replaced by a corporate guarantee provided by our Company upon the Listing.

Bank borrowings

The following table sets forth repayment schedule of our bank borrowings as at the dates indicated.

	As at 31 December		As at 31 March	As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Secured and guaranteed bank borrowings that contain a repayable demand clause — current liabilities	415	—	—	—
In accordance with scheduled repayment terms, carrying amount repayable:				
Within one year	415	—	—	—

The following table sets forth a breakdown of utilised and unutilised bank facilities of our Group as at the dates indicated:

	As at 31 December		As at 31 March	As at 31 July
	2014	**2015**	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Total bank borrowing facilities granted to our Group	44,900	9,000	9,000	9,000
Less: Amount of bank borrowing facilities utilised	(18,661)	(5,088)	(5,691)	(5,691)
Total unutilised bank borrowing facilities	**26,239**	**3,912**	**3,309**	**3,309**

Our Directors have confirmed that there were no material covenants or any breach in financial covenants relating to our Group's outstanding bank borrowings during the Track Record Period.

During the Track Record Period, we had not experienced any difficulty in obtaining bank borrowings.

As at 31 December 2014, bank facilities were secured by personal guarantees given by Mr. Cheng and his spouse, and pledged bank deposits.

As at 31 December 2015, bank facilities were secured and guaranteed by (a) the personal guarantee given by Mr. Cheng; (b) a property held by Mr. Cheng; and (c) the corporate guarantees issued by JFXL and Freight Concept.

As at 31 July 2016, bank facilities were secured or guaranteed by (a) and (b) above and the corporate guarantees issued by JFXL and Freight Concept under (c) above were released in April 2016. The personal guarantee under (a) above and the security given by the property under (b) above will be released and replaced by a corporate guarantee provided by our Company upon the Listing.

Our Directors have confirmed that there had been no material defaults or delays by our Group in payment of our bank borrowings during the Track Record Period. Save for the borrowing facilities as discussed above, we had no material external financing plan as at the Latest Practicable Date.

Pledged bank deposit

We provide securities such as pledged bank deposits to our banks to secure our bank facilities. As at 31 December 2014, bank deposits pledged to one of our banks which issued a bank facility to our Group amounted to approximately HK$16.5 million. No bank deposits were pledged as at 31 December 2015 and 31 July 2016 due to the release of the pledged bank deposit upon the completion of the purchase of a property owned by Mr. Cheng charged to secure the bank facility to replace the pledged bank deposit in FY2015.

As at 31 December 2014 and 2015 and 31 July 2016, the aggregate bank guarantees provided by us in favour of our suppliers amounted to approximately HK$7.7 million, HK$5.1 million and HK$5.7 million, respectively. The decrease in bank guarantees in FY2015 was attributable to the decrease in number of suppliers which required us to provide bank guarantees from eleven to nine. The difference between the amount of utilised bank borrowing facilities in the amount of approximately HK$18.7 million and the aggregate bank guarantees granted in favour of our suppliers in the amount of approximately HK$7.7 million as at 31 December 2014 was attributable to two non-revolving bank facilities granted to our Group as at 31 December 2014 in the amount of approximately HK$11.0 million of which the outstanding balance in the amount of HK$0.4 million remained unpaid as at 31 December 2014. The increase in bank guarantees as at 31 July 2016 was attributable to the increase in number of suppliers which required us to provide bank guarantees from nine to eleven.

CONTINGENT LIABILITIES

At the close of business on 31 March 2016, Janco Global Logistics had given unlimited corporate guarantees to a bank to secure a general banking facility to the extent of approximately HK$17.0 million granted to JFXL and Freight Concept. The corporate guarantees given by Janco Global Logistics had been released as at 31 July 2016 and the Latest Practicable Date.

Save as disclosed above and otherwise in this prospectus and apart from intra-group liabilities, as at 31 July 2016, we did not have any other outstanding liability or any mortgage, charge, debenture, loan capital, bank overdraft or loan, liability under acceptance or other similar indebtedness (other than normal trade bills), hire purchase commitment, finance lease obligation, any guarantee or any contingent liability.

LISTING EXPENSES

Our Directors expect that our total Listing expenses, which are non-recurring in nature, will amount to approximately HK$21.0 million. Out of the total HK$21.0 million of Listing expenses, our Directors expect to recognise approximately HK$13.5 million in our Group's profit and loss accounts for the year ending 31 December 2016 and the remaining estimated Listing expenses in the amount of approximately HK$7.5 million will be deducted from equity upon the Listing. Accordingly, the financial results of our Group for the year ending 31 December 2016 are expected to be significantly affected by the estimated expenses in relation to the Listing as it is expected that there will be a significant decrease in net profit for the year ending 31 December 2016. Such Listing expenses are current estimate for reference only and the final amount to be charged to profit and loss account of our Group for the year ending 31 December 2016 and the amount to be deducted from our Group's capital is subject to change.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our Group's internal resources, available banking facilities and the estimated net proceeds from the Placing, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 12 November 2015. As at 31 December 2015, our Company had no distributable reserves available for distribution to our Shareholders.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in note 30 to the Accountants' Report set out in Appendix I to this prospectus, our Directors have confirmed that each transaction set forth therein was conducted on arm's length basis, on normal commercial terms and in the ordinary course of business. Our Directors consider that these related party transactions would not distort our results in material respects during the Track Record Period, and would not make our historical results not reflective of our future performance. Our Group will continue to have transactions conducted on arm's length basis, normal commercial terms and in the ordinary course of business with Freight Concept, being one of our five largest customers during the Track Record Period. For details of Freight Concept, please refer to the paragraph headed "Business — Our customers" in this prospectus. Freight Concept ceased to be a related party of our Group on 18 February 2016. Save as disclosed above, no other related party transactions set forth in note 30 to the Accountants' Report set out in Appendix I to this prospectus will continue.

ACQUISITIONS AND DISPOSALS

For details of our major acquisitions and disposals conducted during the Track Record Period, please refer to the paragraph headed "History, Development and Reorganisation — Reorganisation" in this prospectus.

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital risk management

Our Group's objectives when managing capital are to safeguard our ability to continue as a going concern while maximising the return for stakeholders through optimisation of debt and equity balance. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to our Shareholders, return capital to our Shareholders, issue new Shares or sell assets to reduce debt. Our Group monitors capital on the basis of our debt to assets ratio. For details of our Group's capital risk management policies, please refer to note 26 to the Accountants' Report set out in Appendix I to this prospectus.

Financial risk management

Our Group is exposed to a variety of financial risks including market risk, credit risk and liquidity risk in the normal course of our business operations. We recorded a net exchange loss of approximately HK$170,000 in FY2014, a net exchange gain of approximately HK$96,000 in FY2015 and a net exchange loss of approximately HK$90,000 for the three months ended 31 March 2016. Our Directors consider that our Group's foreign currency risk exposure is minimal. Our Group does not use derivative financial instruments to hedge our risk exposures to changes in foreign exchange rates and interest rates. Nevertheless, our Directors will closely monitor our Group's foreign currency and interest rate exposure and would consider hedging any significant exposures should the need arise. For details of our Group's financial risk management policies, please refer to note 27 to the Accountants' Report set out in Appendix I to this prospectus.

OFF BALANCE SHEET TRANSACTIONS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

DIVIDEND

A subsidiary of our Company distributed an interim dividend of HK$156,000 in FY2014 while no dividends were declared in FY2015 and the three months ended 31 March 2016. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment.

Our Group currently does not have any specific dividend policy. Dividends may be paid out by way of cash or by other means that our Directors consider appropriate. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our earnings, financial condition, cash requirement and availability and any other factors our Directors may deem relevant. As such factors and the payment of dividends are at the discretion of our Board, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Prospective investors should note that historical dividend payments should not be regarded as an indication of our future dividend policy.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstance which could give rise to a disclosure obligation pursuant to Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The statement of the unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the Placing on the consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2016 as if the Placing had taken place on that date.

The statement of the unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company had the Placing been completed as at 31 March 2016 or at any future dates. It is prepared based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2016 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2016	**Estimated net proceeds from the Placing**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on a Placing Price of HK$0.38 per Share	28,175	40,758	68,933	0.115
Based on a Placing Price of HK$0.42 per Share	28,175	46,458	74,633	0.124

Notes:

1. The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2016 is based on the consolidated net assets of our Group attributable to owners of our Company of HK$28,565,000 with an adjustment for computer software of HK$390,000 as at 31 March 2016 as extracted from the Accountants' Report set forth in Appendix I to this prospectus.

2. The adjustment to the pro forma statement of consolidated net tangible assets of our Group reflects the estimated net proceeds from the Placing to be received by our Company. The estimated net proceeds from the Placing is based on 150,000,000 Shares at the Placing Price of HK$0.38 and HK$0.42 per Share, being the low-end and high-end of the

stated Placing Price range, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by our Group subsequent to 31 March 2016 and does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to our Company's general mandate.

3. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is based on 600,000,000 Shares in issue immediately following completion of the Placing and the Capitalisation Issue assumed to be on 31 March 2016. It does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to our Company's general mandate.

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 31 March 2016 to reflect any trading result or other transactions of our Group entered into subsequent to 31 March 2016.

NO MATERIAL ADVERSE CHANGE

Save for the total expenses for the Listing estimated to be approximately HK$21.0 million, of which approximately HK$13.5 million will be recorded in our Group's profit and loss accounts for the year ending 31 December 2016, our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2016 (being the date to which the latest audited consolidated financial statements of our Group were prepared), and there is no event since 31 March 2016 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

FUTURE PLANS

Please refer to the paragraph headed "Business — Strengths, strategies and future plans — Business strategies and future plans" in this prospectus for a description of our future plans.

USE OF PROCEEDS

The net proceeds from the Placing will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in this section.

Assuming that the Placing Price is determined at HK$0.4 (being the mid-point of the Placing Price range), the aggregate amount of net proceeds from the Placing to be received by our Company after deducting the underwriting commission and estimated expenses payable by our Company is estimated to be approximately HK$39.0 million. Our Directors currently intend to apply such net proceeds in the following manner:

(a) approximately HK$16.4 million or 42% will be used for further developing our freight forwarding business;

(b) approximately HK$16.4 million or 42% will be used for further developing our logistics business;

(c) approximately HK$4.1 million or 11% will be used for further enhancing our sales and marketing effort; and

(d) approximately HK$2.1 million or 5% will be used for our general working capital or other corporate purposes.

The above allocation of the net proceeds from the Placing will be adjusted on a pro rata basis in the event that the Placing Price is determined at a higher or lower level compared to the mid-point of the Placing Price range.

Assuming that the Placing Price is determined at HK$0.42 (being the high-end of the Placing Price range), our Company will receive additional net proceeds of approximately HK$2.9 million.

Assuming that the Placing Price is determined at HK$0.38 (being the low-end of the Placing Price range), the net proceeds our Company receives will be reduced by approximately HK$2.9 million.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, our Directors currently intend that such proceeds be placed on short-term deposits with licensed banks and/or financial institutions.

In summary, the implementation of the objectives of our Group from the Latest Practicable Date to 31 December 2018 will be funded by the net proceeds from the Placing as follows:

	From the Latest Practicable Date to 31 December 2016	For the six months ending 30 June 2017	31 December 2017	30 June 2018	31 December 2018	Total
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Further developing our freight forwarding business	3.1	4.1	4.1	3.1	2.0	16.4
Further developing our logistics business	2.2	4.4	4.4	3.2	2.2	16.4
Further enhancing our sales and marketing effort	0.9	0.8	0.8	0.8	0.8	4.1
General working capital	0.5	0.5	0.5	0.3	0.3	2.1
Total	**6.7**	**9.8**	**9.8**	**7.4**	**5.3**	**39.0**

IMPLEMENTATION PLAN

In light of the business objectives of our Group, we will seek to attain the milestones contained in this paragraph from the Latest Practicable Date to 31 December 2018. Prospective investors should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed "Bases and assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk Factors" in this prospectus. Our Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all. Based on the current state of the freight forwarding industry, our Directors intend to carry out the following implementation plans:

From the Latest Practicable Date to 31 December 2016

			HK$'000
Further developing our freight forwarding business	(a)	Further developing our portfolio of cargo routes should our Group be able to identify suitable new airlines and shipping liners by utilising the proceeds from the Placing in satisfaction of (i) our Group's payment obligations at the time of making booking with new airlines and shipping liners; or (ii) the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	2,160

			HK$'000
	(b)	Further expanding GSA arrangements should our Group be able to identify suitable new airlines by utilising the proceeds from the Placing in satisfaction of the requirements of new airlines for our Group to provide bank guarantees or cash deposits	400
	(c)	Recruiting around three personnel for our sale and operation teams for developing our freight forwarding business	540
		Subtotal	3,100
Further developing our logistics business	(a)	Purchasing a truck and for maintenance and relevant operating expenses of existing trucks	1,100
	(b)	Reviewing the performance of our warehouse information technology system	480
	(c)	Renovating our existing warehouses	260
	(d)	Recruiting around three personnel for our sale and operation teams for developing our logistics business	360
		Subtotal	2,200
Further enhancing our sales and marketing effort	(a)	Conducting market research on industry trends and development	540
	(b)	Recruiting three to five personnel for marketing and business development	360
		Subtotal	900

For the six months ending 30 June 2017

			HK$'000
Further developing our freight forwarding business	(a)	Further developing our portfolio of cargo routes should our Group be able to identify suitable new airlines and shipping liners by utilising the proceeds from the Placing in satisfaction of (i) our Group's payment obligations at the time of making booking with new airlines and shipping liners; or (ii) the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	2,860
	(b)	Further expanding GSA arrangements should our Group be able to identify suitable new airlines by utilising the proceeds from the Placing in satisfaction of the requirements of new airlines for our Group to provide bank guarantees or cash deposits	700
	(c)	Recruiting around three personnel for our sale and operation teams for developing our freight forwarding business	540
		Subtotal	4,100
Further developing our logistics business	(a)	Purchasing two trucks and for maintenance and relevant operating expenses of existing trucks	2,200
	(b)	Upgrading our warehouse information technology system and warehouse facilities	1,840
	(c)	Recruiting around three personnel for our sale and operation teams for developing our logistics business	360
		Subtotal	4,400
Further enhancing our sales and marketing effort	(a)	Launching marketing and promotion campaigns	440
	(b)	Retaining talented and experienced personnel for marketing and business development	360
		Subtotal	800

For the six months ending 31 December 2017

			HK$'000
Further developing our freight forwarding business	(a)	Further developing our portfolio of cargo routes should our Group be able to identify suitable new airlines and shipping liners by utilising the proceeds from the Placing in satisfaction of (i) our Group's payment obligations at the time of making booking with new airlines and shipping liners; or (ii) the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	2,860
	(b)	Further expanding GSA arrangements should our Group be able to identify suitable new airlines by utilising the proceeds from the Placing in satisfaction of the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	700
	(c)	Retaining talented and experienced personnel for our freight forwarding business	540
		Subtotal	4,100
Further developing our logistics business	(a)	Purchasing two trucks and for maintenance and relevant operating expenses of existing trucks	2,200
	(b)	Upgrading and maintaining our warehouse information technology system and warehouse facilities	1,840
	(c)	Retaining talented and experienced personnel our logistics business	360
		Subtotal	4,400
Further enhancing our sales and marketing effort	(a)	Monitoring and assessing the performance of our marketing and promotion campaigns	440
	(b)	Retaining talented and experienced personnel for marketing and business development	360
		Subtotal	800

For the six months ending 30 June 2018

			HK$'000
Further developing our freight forwarding business	(a)	Further developing our portfolio of cargo routes should our Group be able to identify suitable new airlines and shipping liners by utilising the proceeds from the Placing in satisfaction of (i) our Group's payment obligations at the time of making booking with new airlines and shipping liners; or (ii) the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	2,160
	(b)	Further expanding GSA arrangements should our Group be able to identify suitable new airlines by utilising the proceeds from the Placing in satisfaction of the requirements of new airlines for our Group to provide bank guarantees or cash deposits	400
	(c)	Retaining talented and experienced personnel for our freight forwarding business	540
		Subtotal	3,100
Further developing our logistics business	(a)	Upgrading and maintaining our warehouse information technology system and warehouse facilities	2,840
	(b)	Retaining talented and experienced personnel our logistics business	360
		Subtotal	3,200
Further enhancing our sales and marketing effort	(a)	Launching marketing and promotion campaigns	440
	(b)	Retaining talented and experienced personnel for marketing and business development	360
		Subtotal	800

For the six months ending 31 December 2018

			HK$'000
Further developing our freight forwarding business	(a)	Further developing our portfolio of cargo routes should our Group be able to identify suitable new airlines and shipping liners by utilising the proceeds from the Placing in satisfaction of (i) our Group's payment obligations at the time of making booking with new airlines and shipping liners; or (ii) the requirements of new airlines and shipping liners for our Group to provide bank guarantees or cash deposits	1,100
	(b)	Further expanding GSA arrangements should our Group be able to identify suitable new airlines by utilising the proceeds from the Placing in satisfaction of the requirements of new airlines for our Group to provide bank guarantees or cash deposits	360
	(c)	Retaining talented and experienced personnel for our freight forwarding business	540
		Subtotal	2,000
Further developing our logistics business	(a)	Upgrading and maintaining our warehouse information technology system and warehouse facilities	1,840
	(b)	Retaining talented and experienced personnel our logistics business	360
		Subtotal	2,200
Further enhancing our sales and marketing effort	(a)	Monitoring and assessing the performance of our marketing and promotion campaigns	440
	(b)	Retaining talented and experienced personnel for marketing and business development	360
		Subtotal	800
		Total	**36,900**

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

(a) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(b) there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;

(c) there will be no change in the funding requirement for each of the near term business objectives described in this prospectus from the amount as estimated by our Directors;

(d) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

(e) there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group; and

(f) we will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

REASONS FOR THE LISTING

Out of the HK$9.0 million bank borrowing facilities granted to our Group as at 31 July 2016, approximately HK$2.0 million was a bank overdraft facility while approximately HK$7.0 million was a combined limit of two revolving letters of guarantee and performance bond facilities. As at 31 December 2015, the aggregate bank guarantees provided by our Group in favour of our suppliers amounted to approximately HK$5.1 million, which was for securing our obligation to pay for air or sea cargo space for our freight forwarding business. The aggregate bank guarantees provided by our Group in favour of our suppliers further rose to approximately HK$5.7 million as at 31 July 2016. As disclosed in the paragraph headed "Implementation plan" in this section, part of our future plan is to further develop our freight forwarding business which will inevitably involve providing further bank guarantees or cash deposits in favour of our suppliers to secure our obligations for purchasing cargo space. We were also required to make a cash deposit in the sum of approximately HK$3.0 million, which was determined based on arm's length negotiation between the parties with reference to, among others, credit terms, frequency of settlement and expected shipment volume under the GSA agreement, and was on normal commercial terms, in favour of our Thailand based airline partner under our GSA agreement. If we were to further expand our portfolio of cargo routes and our GSA arrangements by identifying suitable new airlines and shipping liners, our existing banking facilities of HK$9.0 million would not be sufficient to cope with our expansion plans.

Strong capital support is a key success factor and an entry barrier to the freight forwarding and logistics services markets. Our Directors believe that the Listing not only provides net proceeds to cope with our expansion plans, but also provides other intangible benefits such as a convenient fund raising platform, which is only available to listed companies, for our Group to obtain both equity and debt financing in the future. As at 31 March 2016, our Group only maintained bank balances and cash in the sum of approximately HK$9.9 million. The Listing will enable our Group to raise funds immediately and have access to the equity capital market for raising funds in the future to fulfil capital needs. Due to our business nature, we do not own any property which can be used as collaterals or securities to obtain debt financing from banks. Our Directors believe that it would be easier and more cost-effective for our Group to obtain sufficient debt financing from banks to fund its future operations and development with a listing status. Furthermore, a listing status would allow our Group to (a) gain publicity; (b) reinforce our position within the industry; and (c) further strengthen our reputation in the industry which makes it easier for us to maintain our existing business relationship with our network of suppliers and customers and further explore potential business opportunities with new suppliers and customers, in particular renowned airlines and shipping liners.

The Listing expenses account for approximately 54% of the net proceeds of the Listing and approximately 35% of the gross proceeds of the Listing. Our Directors are of the view that such a proportion is justifiable given the benefits of the Listing to our Group as set out above.

UNDERWRITERS

Joint bookrunners and Joint Lead Managers

Brilliant Norton Securities Company Limited
Sinomax Securities Limited
Quam Securities

Co-managers

Bonus Eventus Securities Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Convoy Investment Services Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is offering the Placing Shares for subscription by professional, institutional and private investors at the Placing Price subject to the terms and conditions in the Underwriting Agreement and this prospectus. Subject to, among other conditions, the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus and certain other conditions set out in the Underwriting Agreement being satisfied, the Underwriters have severally agreed to subscribe for or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Underwriting Agreement and this prospectus.

Grounds for termination of the Underwriting Agreement

Quam Securities (for itself and on behalf of the other Underwriters) shall have the absolute right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to our Company with immediate effect at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, if there shall develop, occur, exist or come into effect:

(a) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction;

(b) any adverse change (whether or not permanent) in local, national or international stock market conditions;

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

(d) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction;

(e) any change in the business or in the financial or trading position of our Group or otherwise;

(f) any change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction;

(g) a general moratorium on commercial banking business activities in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction declared by the relevant authorities; or

(h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike, lock-out, natural disaster or outbreak of infectious diseases,

which in the sole and absolute opinion of Quam Securities (for itself and on behalf of the other Underwriters):

(i) might be materially adverse to the business, financial condition or prospects of our Group taken as a whole;

(ii) might have a material adverse effect on the success of the Placing or might have the effect of making any part of the Underwriting Agreement incapable of implementation or performance in accordance with its terms; or

(iii) makes it inadvisable or inexpedient to proceed with the Placing.

Without prejudice to the above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of Quam Securities (for itself and on behalf of the other Underwriters):

(a) any breach of any of the warranties or any other provisions of the Underwriting Agreement which is considered, in the sole and absolute opinion of the Sponsor or Quam Securities (for itself and on behalf of the other Underwriters), to be material in the context of the Placing;

(b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus and the placing letter, would have constituted a material omission in the sole and absolute opinion of Quam Securities (for itself and on behalf of the other Underwriters) in the context of the Placing;

(c) any statement contained in this prospectus and the placing letter considered to be material by Quam Securities (for itself and on behalf of the other Underwriters) which is discovered to be or becomes untrue, incorrect or misleading and in the sole and absolute opinion of Quam Securities (for itself and on behalf of the other Underwriters) to be material in the context of the Placing; or

(d) any event, act or omission which gives rise or is likely to give rise to any material liability of any of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Underwriting Agreement, Quam Securities (for itself and on behalf of the other Underwriters) shall be entitled (but not bound) by notice in writing to our Company (for itself and on behalf of the other parties to the Underwriting Agreement (other than the Sponsor and the Underwriters)) on or prior to such time to terminate the Underwriting Agreement with immediate effect.

Restrictions and undertakings under the GEM Listing Rules

Concerning our Company

Under Rule 17.29 of the GEM Listing Rules, no further shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for certain circumstances as prescribed by Rule 17.29 of the GEM Listing Rules.

Concerning our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, each of our Controlling Shareholders shall not and shall procure that his/its associates or companies controlled by him/it or our nominees or trustees holding the Shares in trust for him/it (as the case may be) shall not:

(a) within the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s); or

(b) within the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a Controlling Shareholder.

In addition to the undertakings pursuant to Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have voluntarily undertaken to the Stock Exchange for a further 12 months commencing on the date on which the period referred to in paragraph (b) above expires, not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Any offer for sale contained in this prospectus, if any, shall not be subject to the above restrictions.

As required under Rule 13.19 of the GEM Listing Rules and pursuant to the voluntary undertaking of our Controlling Shareholders, our Company shall procure that every Controlling Shareholder undertakes to our Company and the Stock Exchange to comply with the following requirements:

(a) in the event that any of our Controlling Shareholders pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods specified in Rule 13.16A of the GEM Listing Rules and 12 months thereafter, he/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(b) having pledged or charged any interest in the Shares under the preceding paragraph, he/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

After being informed of any matter under Rule 13.19 of the GEM Listing Rules, our Company shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings under the Underwriting Agreement

By our Company and our Controlling Shareholders

Our Company undertakes to and covenants with the Sponsor and the Underwriters, and each of our Controlling Shareholders jointly and severally undertakes to and covenants with the Sponsor and the Underwriters to procure that, save with the prior written consent of the Sponsor and Quam Securities (for itself and on behalf of the other Underwriters), or save pursuant to the Placing, the Capitalisation Issue, the grant of options under the Share Option Scheme or the exercise of the options which may be granted under the Share Option Scheme, our Company shall not, within the period of six months from the Listing Date:

(i) save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and applicable laws, allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed));

(ii) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise convert into, or exchange for any Shares or any other securities of our Company;

(iii) purchase any securities of our Company; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so.

By our Controlling Shareholders

Each of our Controlling Shareholders undertakes to and covenants with our Company, the Sponsor, the Underwriters and the Stock Exchange that:

(a) he/it shall not and shall procure that the relevant registered holders shall not:

(i) in the First Six-months Period, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Shares in respect of which he/it is shown in this prospectus to be the beneficial owner(s); and

(ii) in the period of 18 months commencing on the date on which the First Six-month Period expires, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any encumbrances in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such encumbrances, he/it would cease to be a Controlling Shareholder,

provided that the restrictions above shall not apply to any Share which our Controlling Shareholders or any of his/its respective close associates may acquire or become interested in following the Listing Date.

(b) in the event that he/it pledges or charges any of his/its direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in paragraph (a) above, he/it must inform our Company, the Sponsor and the Joint Lead Managers immediately thereafter, disclosing the details as specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(c) having pledged or charged any of his/its interests in the Shares under paragraph (b) above, he/it must inform our Company, the Sponsor and the Joint Lead Managers immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected.

Commissions and expenses

Pursuant to the terms of the Underwriting Agreement, our Company has agreed to pay to the Underwriters an underwriting commission of 5% of the aggregate final Placing Price payable for the Placing Shares, out of which any sub-underwriting commissions will be paid. The underwriting commissions, the listing fees, the professional fees, the printing and other expenses relating to the Placing are estimated to be approximately HK$21.0 million in aggregate (based on a Placing Price of HK$0.4 per Placing Share, being the midpoint of the indicative Placing Price range) and shall be borne by our Company.

UNDERWRITERS' INTERESTS IN OUR COMPANY

None of the Underwriters has any shareholding interest in our Company or any of our subsidiaries or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

THE PLACING

Our Company is offering, at the Placing Price, 150,000,000 Shares for subscription by way of the Placing. The Placing is sponsored by the Sponsor and managed by the Joint Lead Managers. The Placing Shares are fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement. Pursuant to the Placing, the Underwriters or any selling agent which they nominate will, on behalf of our Company, conditionally place the Placing Shares at the Placing Price plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% with selected professional, institutional and private investors.

DETERMINING THE PLACING PRICE

The Placing Price is expected to be fixed by the Price Determination Agreement to be entered into between our Company and Quam Securities (for itself and on behalf of the other Underwriters) on the Price Determination Date, which is expected to be on or before Sunday, 2 October 2016, or such other date as may be agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters). If, for any reason, our Company and Quam Securities (for itself and on behalf of the other Underwriters) are unable to reach any agreement on the Placing Price by the Price Determination Date, the Placing will not become unconditional and will lapse immediately.

Prospective investors should be aware that the Placing Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Placing Price range as stated in this prospectus. The Placing Price will not be more than HK$0.42 per Placing Share and is expected to be not less than HK$0.38 per Placing Share. The Placing Price will fall within the Placing Price range as stated in this prospectus unless otherwise announced.

Quam Securities (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the Placing Price range below that stated in this prospectus. In such case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jancofreight.com the notice of such change. Upon issuing such notice, the revised Placing Price range will be final and conclusive and the Placing Price, if agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters), will be fixed within such revised Placing Price range. In the absence of any notice of a reduction in the Placing Price range as stated in this prospectus being published, the Placing Price, if agreed between our Company and Quam Securities (for itself and on behalf of the other Underwriters), will under no circumstances be set outside the Placing Price range as stated in this prospectus.

Announcement of the final Placing Price, the level of indications of interest in the Placing and the basis of allocation of the Placing Shares will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jancofreight.com on or before Thursday, 6 October 2016.

BASIS OF ALLOCATION

Allocation of the Placing Shares to professional, institutional and private investors pursuant to the Placing will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on the basis which would lead to the establishment of a solid and broad Shareholder base to the benefit of our Company and our Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules such that not more than 50% of the Shares in public hands at the time of the Listing will be beneficially owned by the three largest public Shareholders. No allocations will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed, without the prior written consent of the Stock Exchange. There will not be any preferential treatment in the allocation of the Placing Shares to any person. The Placing is subject to the conditions set out in the paragraph headed "Conditions of the Placing" in this section.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

(a) the Listing Division of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus, and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on GEM; and

(b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, among others, the Price Determination Agreement being entered into on the Price Determination Date and if relevant, as a result of the waiver of any condition granted by Quam Securities (for itself and on behalf of the other Underwriters)) and not being terminated in accordance with its terms.

If the above conditions are not fulfilled on or before the time and date specified in the Underwriting Agreement or such later date as Quam Securities (for itself and on behalf of the other Underwriters) may in its absolute discretion determine, the Placing will lapse.

DEALING ARRANGEMENTS AND BOARD LOT SIZE

Assuming that the Placing becomes unconditional prior to 8:00 a.m. on Friday, 7 October 2016, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. on Friday, 7 October 2016. The Shares will be traded in board lots of 10,000 Shares. The stock code of our Company is 8035.

Deloitte.
德勤

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35/F One Pacific Place
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30 September 2016

The Directors
Janco Holdings Limited
Lego Corporate Finance Limited

Dear Sirs,

We set out below our report on the financial information relating to Janco Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the two years ended 31 December 2015 and the three months ended 31 March 2016 (the "**Track Record Period**") (the "**Financial Information**") for inclusion in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**") in connection with the proposed listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated in the Cayman Islands 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 on 12 November 2015. Pursuant to a corporate reorganisation (the "**Reorganisation**"), as more fully explained in the section headed "History, Development and Reorganisation" in the Prospectus, the Company became the holding company of the companies comprising the Group on 29 December 2015.

At the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 31 December 2014	31 December 2015	31 March 2016	Date of this report	Principal activities	Form of company
Janco (BVI) Group Ltd* ("**Janco (BVI)**")	The British Virgin Islands (the "**BVI**") 5 November 2015	The BVI	United States dollar ("**US$**") 100	N/A	100%	100%	100%	Investment holding	Limited liability
Marine Elite Limited ("**Marine Elite**")	The BVI 7 May 2015	The BVI	US$50,000	N/A	100%	100%	100%	Investment holding	Limited liability
Sunset Edge Limited ("**Sunset Edge**")	The BVI 28 April 2015	The BVI	US$50,000	N/A	100%	100%	100%	Investment holding	Limited liability
Wasco Global Limited ("**Wasco Global**")	The BVI 12 May 2015	The BVI	US$50,000	N/A	100%	100%	100%	Investment holding	Limited liability
Janco Global Logistics Limited ("**Janco Global Logistics**") *(note 2)*	Hong Kong 23 June 2015	Hong Kong	Hong Kong dollar ("**HK$**") 10,000	N/A	100%	100%	100%	Provision of air and ocean freight forwarding services	Limited liability
Janco Logistics (HK) Limited ("**Janco Logistics (HK)**")	Hong Kong 21 March 2005	Hong Kong	HK$1,000,000	100%	100%	100%	100%	Provision of warehousing and ancillary logistics services	Limited liability
Transpeed Hong Kong Limited ("**Transpeed Hong Kong**")	Hong Kong 21 December 2012	Hong Kong	HK$10,000	70%	100%	100%	100%	Provision of air freight forwarding services	Limited liability
FC Global Logistics Limited ("**FC Global**")	Hong Kong 25 February 2016	Hong Kong	HK$10,000	N/A	N/A	100%	100%	Inactive	Limited liability

* *Directly held by the Company*

All companies comprising the Group have adopted 31 December as their financial year end date.

The statutory financial statements of the subsidiaries incorporated in Hong Kong, except for FC Global, for each of the two years ended 31 December 2015 or for the period since their incorporation to 31 December 2015, if applicable, were prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and were audited by us.

No statutory audited financial statements have been prepared for the Company and its subsidiaries incorporated in the BVI since they were incorporated in jurisdictions where there is no statutory audit requirement.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Company which comprise the Company and its subsidiaries for the Track Record Period (the "**Underlying Financial Statements**") in accordance with accounting policies that conform with the HKFRSs issued by the HKICPA. The Underlying Financial Statements have been audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation as set out in note 2 of Section A below. No adjustment was considered necessary to the Underlying Financial Statements in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 December 2014 and 2015 and 31 March 2016 and of the Company as at 31 December 2015 and 31 March 2016 and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three months ended 31 March 2015 together with the notes thereon have been extracted from the unaudited financial information of the Group for the same period (the "**31 March 2015 Financial Information**") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review on the 31 March 2015 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 March 2015 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 March 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Three months ended 31 March	
		2014	2015	2015	2016
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	*6*	178,938	209,316	43,924	47,045
Cost of sales		(143,599)	(165,676)	(36,204)	(37,209)
Gross profit		35,339	43,640	7,720	9,836
Other income	*7*	9	26	1	1
Other gains and losses	*8*	(239)	96	(77)	140
Administrative expenses		(23,893)	(27,386)	(5,859)	(7,444)
Listing expenses		—	—	—	(4,561)
Finance costs	*9*	(97)	(46)	(15)	(7)
Profit (loss) before taxation		11,119	16,330	1,770	(2,035)
Income tax expense	*10*	(1,840)	(2,744)	(346)	(482)
Profit (loss) and total comprehensive income (expense) for the year/period	*11*	9,279	13,586	1,424	(2,517)
Attributable to:					
Owners of the Company		9,251	13,623	1,449	(2,517)
Non-controlling interests		28	(37)	(25)	—
		9,279	13,586	1,424	(2,517)
Earnings (loss) per share — basic (HK cents)	*15*	2.06	3.03	0.32	(0.56)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

THE GROUP

		As at 31 December		As at 31 March
		2014	2015	2016
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	*16(a)*	3,614	4,190	5,623
Computer software	*16(b)*	301	362	390
Rental deposits	*18*	1,568	1,575	4,120
		5,483	6,127	10,133
Current assets				
Trade receivables	*18*	30,948	35,426	28,643
Other receivables, deposits and prepayments	*18*	1,289	17,765	7,607
Amount due from ultimate holding company	*19*	—	5	5
Amounts due from related parties	*19*	15,749	11,703	—
Tax recoverable		—	190	174
Pledged bank deposit	*20*	16,500	—	—
Bank balances and cash	*20*	3,653	5,556	9,856
		68,139	70,645	46,285
Current liabilities				
Trade payables	*21*	9,615	16,569	11,356
Other payables and accruals	*21*	5,962	4,603	6,797
Amount due to a director	*19*	26,712	6,658	6,658
Amounts due to related parties	*19*	11,986	15,505	—
Advance from minority shareholders of Transpeed Hong Kong	*19*	96	—	—
Tax payable		75	747	1,363
Obligations under finance leases — due within one year	*22*	1,145	763	875
Bank borrowings	*23*	415	—	—
		56,006	44,845	27,049
Net current assets		12,133	25,800	19,236
Total assets less current liabilities		17,616	31,927	29,369

		As at 31 December		As at 31 March
		2014	2015	2016
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Obligations under finance leases				
— due after one year	*22*	995	232	341
Deferred tax liabilities	*24*	298	613	463
		1,293	845	804
		16,323	31,082	28,565
Equity				
Owners of the Company				
Share capital	*25*	1,007	—	—
Reserves		15,314	31,082	28,565
		16,321	31,082	28,565
Non-controlling interests		2	—	—
Total equity		16,323	31,082	28,565

STATEMENT OF FINANCIAL POSITION

THE COMPANY

	NOTES	As at 31 December 2015 HK$'000	As at 31 March 2016 HK$'000
Non-current asset			
Investment in a subsidiary	*17*	1	1
Current liability			
Amount due to a subsidiary	*19*	—	4,561
Total asset less current liability		1	(4,560)
Capital and reserves			
Share capital	*25*	—	—
Capital reserve *(note)*		1	1
Accumulated losses		—	(4,561)
Total equity attributable to owners of the Company		1	(4,560)

Note: The amount represents the difference between the nominal value of the share capital of Janco (BVI) of US$100 acquired by the Company and the nominal value of the Company's shares issued in exchange of HK$0.99.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital	**Capital reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 25)	*(note i)*				
At 1 January 2014	1,007	2,607	3,565	7,179	21	7,200
Profit and total comprehensive income for the year	—	6,993	2,258	9,251	28	9,279
Dividends recognised as distribution *(note 12)*	—	—	(109)	(109)	(47)	(156)
At 31 December 2014	1,007	9,600	5,714	16,321	2	16,323
Profit and total comprehensive income for the year	—	5,876	7,747	13,623	(37)	13,586
Acquisition of additional interest in Transpeed Hong Kong	3	—	(38)	(35)	35	—
Incorporation of Janco (BVI), Marine Elite, Sunset Edge and Wasco Global *(note ii)*	1,173	—	—	1,173	—	1,173
Arising from the Reorganisation	(2,183)	2,183	—	—	—	—
At 31 December 2015	—	17,659	13,423	31,082	—	31,082
Loss and total comprehensive expense for the period	—	—	(2,517)	(2,517)	—	(2,517)
At 31 March 2016	—	17,659	10,906	28,565	—	28,565
Unaudited						
At 1 January 2015	1,007	9,600	5,714	16,321	2	16,323
Profit (loss) and total comprehensive income (expense) for the period	—	1,598	(149)	1,449	(25)	1,424
At 31 March 2015	1,007	11,198	5,565	17,770	(23)	17,747

Notes:

(i) Capital reserve is comprised of (i) the profits derived from the Hong Kong Business (as defined in note 2) carried out by Janco International Freight Limited (subsequently renamed as JFX Limited) ("**JFXL**") prior to its transfer to Janco Global Logistics as they legally belonged to JFXL and are non-distributable profits of the Group; and (ii) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired by the Company upon the Reorganisation and the nominal value of the Company's shares issued in exchange of HK$2,183,000.

(ii) The combined share capital of HK$1,173,000 arising from the incorporation of Janco (BVI), Marine Elite, Sunset Edge and Wasco Global was settled through the current account with Mr. Cheng (as defined in note 1) (note 19).

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
OPERATING ACTIVITIES				
Profit (loss) before taxation	11,119	16,330	1,770	(2,035)
Adjustments for:				
Depreciation and amortisation	1,120	1,343	309	403
Finance costs	97	46	15	7
Interest income	(2)	(19)	—	—
Loss (gain) on disposal of property, plant and equipment	69	—	—	(230)
Operating cash flows before movements in working capital	12,403	17,700	2,094	(1,855)
Increase in rental deposits	(106)	(1,072)	(59)	(2,422)
Decrease (increase) in trade receivables	22	(4,478)	355	6,783
Decrease (increase) in other receivables, deposits and prepayments	53	(4,122)	142	(1,254)
(Increase) decrease in amount due from a related party	—	(8,180)	—	7,157
(Decrease) increase in trade payables	(3,939)	6,954	1,731	(5,213)
Increase (decrease) in other payables and accruals	3,589	(1,359)	(4,367)	2,194
(Decrease) increase in amounts due to related parties	(4,216)	2,715	6,603	(14,268)
Cash generated from (used in) operations	7,806	8,158	6,499	(8,878)
Hong Kong Profits Tax paid	(2,138)	(1,358)	—	—
NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,668	6,800	6,499	(8,878)

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
INVESTING ACTIVITIES				
(Placement) withdrawal of pledged bank deposit	(16,500)	16,500	16,500	—
Purchase of property, plant and equipment and computer software	(716)	(1,980)	(239)	(1,184)
Advance to related parties	(681)	(77)	(42)	(313)
Repayment from related parties	536	—	—	4,859
Proceeds from disposal of property, plant and equipment	20	—	—	230
Interest received	2	19	—	—
(Increase) decrease in other receivables	—	(9)	—	11,289
Advance to ultimate holding company	—	(5)	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(17,339)	14,448	16,219	14,881
FINANCING ACTIVITIES				
Advance from a director	21,458	34,933	—	—
Repayment to a director	(5,767)	(53,814)	(23,508)	—
Repayment of bank borrowings	(2,590)	(415)	(415)	—
Repayment of obligations under finance leases	(974)	(1,145)	(283)	(459)
Repayment to related parties	(214)	(800)	—	(1,237)
Dividends paid	(156)	—	—	—
Interest paid	(97)	(46)	(15)	(7)
Advance from related parties	—	2,038	—	—
Repayment to minority shareholders of Transpeed Hong Kong	—	(96)	(96)	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES	11,660	(19,345)	(24,317)	(1,703)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11)	1,903	(1,599)	4,300
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	3,664	3,653	3,653	5,556
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	3,653	5,556	2,054	9,856

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established as an exempted company with limited liability on 12 November 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the Company's registered office and the principal place of business are disclosed in the section headed "Corporate Information" in the Prospectus. Its immediate and ultimate holding company is Million Venture Holdings Limited ("**Million Venture**"), a company incorporated in the BVI and wholly owned by Mr. Cheng Hon Yat ("**Mr. Cheng**"), the sole and controlling shareholder of the Group and a director of the Company.

The Financial Information is presented in HK$, which is the same as the functional currency of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

In the preparation for the proposed listing of the Company's shares on the Stock Exchange (the "**Listing**"), the companies now comprising the Group, which are wholly owned by Mr. Cheng, underwent the Reorganisation in the year ended 31 December 2015 which principally involves the following steps:

(i) Transfer of the Hong Kong Business from JFXL to Janco Global Logistics on 30 June 2015 and following this transfer, JFXL became an investment holding company (see below for more details);

(ii) Incorporation of Janco (BVI) by Mr. Cheng for the acquisition of three investment holding BVI entities, namely Marine Elite, Sunset Edge and Wasco Global and three operating entities, namely Janco Global Logistics, Janco Logistics (HK) and Transpeed Hong Kong from JFX Holding Limited ("**JFX Holding**"), a company also incorporated in the BVI and wholly owned by Mr. Cheng;

(iii) Incorporation of Million Venture and the Company, as a wholly owned subsidiary of Million Venture, by Mr. Cheng to acquire Janco (BVI) on 29 December 2015; and

(iv) Disposal of JFX Holding and its wholly owned subsidiaries, including JFXL, by Mr. Cheng to an independent third party on 31 December 2015.

Upon completion of the Reorganisation on 29 December 2015, the Company became a holding company of the companies now comprising the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2014 and 2015 have been prepared to present the financial performance and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the years ended 31 December 2014 and 2015 or since the respective dates of incorporation, which is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that dates, taken into account the respective dates of incorporation.

Transfer of the Hong Kong Business

JFXL is a private limited company incorporated in Hong Kong and was wholly owned by Mr. Cheng through JFX Holding. Prior to 1 July 2015, JFXL engaged in the provision of air and ocean freight forwarding services in Hong Kong, where the goods are handled in Hong Kong and shipped overseas from Hong Kong as the loading point (the "**Hong Kong Business**"), and also acted as an investment holding company holding a PRC subsidiary engaged in the provision of air and ocean freight forwarding services in the People's Republic of China (the "**PRC**") and some non-operating related investments, including a life insurance policy and certain structured foreign currency forward contracts. The Hong Kong Business was operated under a separate and distinct business unit in JFXL.

For the purpose of delineating the operations of freight forwarding business, on 29 June 2015, JFXL and Janco Global Logistics entered into a memorandum of understanding for the transfer of the Hong Kong Business and its related assets and liabilities from JFXL to Janco Global Logistics and the transfer was completed on 30 June 2015 with a formal business transfer agreement being signed and for a consideration of approximately HK$15,377,000, which was determined with reference to the net assets value of the Hong Kong Business and its related assets and liabilities as of 30 June 2015. The consideration payable was transferred to the current account with JFX Holding on 15 September 2015 and the payment of such was waived by JFX Holding on the same date.

Since 1 July 2015, JFXL became an investment holding company and subsequently on 31 December 2015, it was disposed of to an independent third party through disposal of JFX Holding by Mr. Cheng. Mr. Cheng remained his directorship in the subsidiaries of JFX Holding until his resignation on 18 February 2016.

Application of merger accounting

Since JFXL and Janco Global Logistics were under common control by Mr. Cheng, the transfer of the Hong Kong Business has been accounted for by Janco Global Logistics as a business combination involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") issued by the HKICPA as if the transfer had been completed on 1 January 2014.

In applying AG 5, the consolidated statements of financial position of the Group as at 1 January 2014 and 31 December 2014 already included the assets and liabilities of the Hong Kong Business as if it was within the Group on that date. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years ended 31 December 2015 also included the financial performance and cash flows of the Hong Kong Business prior to 30 June 2015 as if this transfer had been completed on 1 January 2014.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently applied all new and revised HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2016 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new and amendments to HKFRSs that are not yet effective. The Group has not early adopted these new and amendments to HKFRSs.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of operating lease commitment of the Group as set out in note 28 will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of the other new standards and amendments will have no material impact on the Financial Information of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services rendered.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position at cost less any identified impairment loss. The result of the subsidiary is accounted for by the Company on the basis of dividend received and receivable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business and net of discount.

Income from air and ocean freight forwarding services is recognised when the services are rendered and the timing of which usually coincides with the departure date of the carrier.

Income from warehousing and other ancillary logistics service is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit or loss before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year/period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Computer software

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Computer software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of computer software, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount(s) due from ultimate holding company/related parties, pledged bank deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables, where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;

- breach of contract, such as default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including trade payables, amount(s) due to a director/related parties/a subsidiary, advance from minority shareholders of Transpeed Hong Kong and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Allowance for bad and doubtful debts

The policy for allowance of doubtful debts of the Group is based on the evaluation of collectability and aging analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, allowance may be required. As at 31 December 2014 and 2015 and 31 March 2016, the carrying amounts of trade receivable were approximately HK$30,948,000, HK$35,426,000 and HK$28,643,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), being the executive directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(i) Air Freight — provision of air freight forwarding services

(ii) Ocean Freight — provision of ocean freight forwarding services

(iii) Logistics — provision of warehousing and other ancillary logistics services

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2014

	Air Freight	Ocean Freight	Logistics	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	72,611	93,276	13,051	—	178,938
Inter-segment sales	1,843	3,003	671	(5,517)	—
	74,454	96,279	13,722	(5,517)	178,938
Segment results	8,378	18,609	3,734	—	30,721
Other income					9
Other gains and losses					(239)
Administrative expenses					(19,275)
Finance costs					(97)
Profit before taxation					11,119

For the year ended 31 December 2015

	Air Freight	Ocean Freight	Logistics	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	101,947	87,907	19,462	—	209,316
Inter-segment sales	1,033	3,392	77	(4,502)	—
	102,980	91,299	19,539	(4,502)	209,316
Segment results	11,682	21,316	3,891	—	36,889
Other income					26
Other gains and losses					96
Administrative expenses					(20,635)
Finance costs					(46)
Profit before taxation					16,330

For the three months ended 31 March 2016

	Air Freight	Ocean Freight	Logistics	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	22,782	19,155	5,108	—	47,045
Inter-segment sales	87	657	—	(744)	—
	22,869	19,812	5,108	(744)	47,045
Segment results	3,278	4,372	335	—	7,985
Other income					1
Other gains and losses					140
Administrative expenses					(5,593)
Listing expenses					(4,561)
Finance costs					(7)
Loss before taxation					(2,035)

For the three months ended 31 March 2015 (Unaudited)

	Air Freight	Ocean Freight	Logistics	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	18,587	22,166	3,171	—	43,924
Inter-segment sales	395	792	—	(1,187)	—
	18,982	22,958	3,171	(1,187)	43,924
Segment results	1,985	4,320	218	—	6,523
Other income					1
Other gains and losses					(77)
Administrative expenses					(4,662)
Finance costs					(15)
Profit before taxation					1,770

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results mainly represented gross profit earned by each segment without allocation of certain administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations are solely located in Hong Kong.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the Group's revenue is as follows:

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Customer A — revenue generated in all segments	20,078	N/A[1]	N/A[1]	N/A[1]
Customer B — revenue generated in Air and Ocean Freight segments	19,796	N/A[1]	N/A[1]	N/A[1]
Customer C — revenue generated in all segments	N/A[1]	35,778	4,848	5,701

[1] Revenue from the customer is less than 10% of the total revenue of the Group.

7. OTHER INCOME

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Bank interest income	2	19	—	—
Others	7	7	1	1
	9	26	1	1

8. OTHER GAINS AND LOSSES

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net exchange (losses) gains	(170)	96	(77)	(90)
(Loss) gain on disposal of property, plant and equipment	(69)	—	—	230
	(239)	96	(77)	140

9. FINANCE COSTS

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest expenses on:				
Bank borrowings	36	—	—	—
Obligations under finance leases	61	46	15	7
	97	46	15	7

10. INCOME TAX EXPENSE

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Hong Kong Profits Tax:				
Current tax	1,665	2,429	336	448
Underprovision in prior year	—	—	—	184
Deferred tax *(note 24)*	175	315	10	(150)
	1,840	2,744	346	482

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period.

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Profit (loss) before taxation	11,119	16,330	1,770	(2,035)
Tax at Hong Kong Profits Tax rate of 16.5%	1,835	2,694	292	(336)
Tax effect of income not taxable for tax purpose	—	(3)	—	—
Tax effect of expenses not deductible for tax purpose	23	22	—	761
Underprovision in prior year	—	—	—	184
Tax effect of tax losses not recognised	—	24	38	82
Utilisation of tax losses previously not recognised	—	—	—	(24)
Utilisation of deductible temporary differences previously not recognised	(3)	(2)	—	(190)
Tax relief	(52)	(40)	—	—
Others	37	49	16	5
Income tax expense for the year/period	1,840	2,744	346	482

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 December		Three months ended 31 March	
	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Profit (loss) for the year/period has been arrived at after charging:				
Directors' remuneration *(note 13)*	1,774	2,474	410	661
Other staff costs:				
Salaries and other allowances	17,439	20,259	4,601	5,602
Retirement benefits scheme contributions	962	950	272	253
Total staff costs	20,175	23,683	5,283	6,516
Auditor's remuneration	300	300	75	80
Depreciation and amortisation	1,120	1,343	309	403

12. DIVIDENDS

During the year ended 31 December 2014, an interim dividend of HK$156,000 (US$2 per share) was recognised as distribution by Transpeed Hong Kong to its then shareholders, namely Mr. Cheng, Mr. Dejvorasuthi Chamras and Mr. Maruttamarn Kamol prior to the Reorganisation.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable by the Group to the directors and the chief executive of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

(a) Executive directors

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iii)*	*HK$'000*	*HK$'000*
Year ended 31 December 2014					
Executive directors:					
Mr. Cheng *(note i)*	—	300	50	15	365
Mr. Chan Kwok Wai *(note ii)*	—	390	459	17	866
Mr. Lo Wai Wah *(note ii)*	—	452	74	17	543
Total	—	1,142	583	49	1,774

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iii)*	*HK$'000*	*HK$'000*
Year ended 31 December 2015					
Executive directors:					
Mr. Cheng *(note i)*	—	175	50	9	234
Mr. Chan Kwok Wai *(note ii)*	—	360	832	18	1,210
Mr. Lo Wai Wah *(note ii)*	—	492	123	18	633
Mr. Yau Sze Yeung *(note ii)*	—	358	30	9	397
Total	—	1,385	1,035	54	2,474

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iii)*	*HK$'000*	*HK$'000*
Three months ended 31 March 2015 (Unaudited)					
Executive directors:					
Mr. Cheng *(note i)*	—	75	25	4	104
Mr. Chan Kwok Wai *(note ii)*	—	90	74	4	168
Mr. Lo Wai Wah *(note ii)*	—	123	10	5	138
Total	—	288	109	13	410

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iii)*	*HK$'000*	*HK$'000*
Three months ended 31 March 2016					
Executive directors:					
Mr. Cheng *(note i)*	—	75	25	4	104
Mr. Chan Kwok Wai *(note ii)*	—	93	99	5	197
Mr. Lo Wai Wah *(note ii)*	—	132	—	4	136
Mr. Yau Sze Yeung *(note ii)*	—	189	30	5	224
Total	—	489	154	18	661

Notes:

(i) Mr. Cheng was appointed as an executive director, the chairman and chief executive officer of the Company on 12 November 2015.

(ii) Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung were appointed as executive directors of the Company on 8 April 2016.

(iii) Discretionary bonus is determined based on individual performance.

(iv) None of the directors waived any emolument during the Track Record Period.

(v) During the Track Record Period, no emoluments were paid by the Group to any of the directors or the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(vi) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

(b) Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. Luk Kin Ting, Mr. Siu Wing Hay and Mr. Wong Yee Lut, Eliot were appointed as independent non-executive directors of the Company on 23 September 2016.

14. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group include two, two, two (unaudited), three executive directors of the Company (details of their emoluments are set out in note 13(a) above) for each of the two years ended 31 December 2015 and the three months ended 31 March 2015 and 2016. The emoluments of the remaining individuals are as follows:

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries and other allowances	1,124	1,093	383	296
Discretionary bonus	665	874	—	—
Retirement benefits scheme contributions	50	52	13	7
	1,839	2,019	396	303

The emolument of each of them is not exceeding HK$1,000,000.

During the Track Record Period, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the Track Record Period is based on the profit (loss) attributable to owners of the Company and on 450,000,000 shares in issue during the Track Record Period on the assumption that the capitalisation issue as detailed in the section headed "Share Capital" in the Prospectus have been effective on 1 January 2014.

No diluted earnings (loss) per share are presented for the Track Record Period as there were no potential ordinary shares in issue.

16. PROPERTY, PLANT AND EQUIPMENT/ COMPUTER SOFTWARE

(a) Property, Plant and Equipment

	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1 January 2014	1,118	4,456	1,859	5,110	12,543
Additions	29	303	55	2,115	2,502
Disposals	—	—	—	(1,379)	(1,379)
At 31 December 2014	1,147	4,759	1,914	5,846	13,666
Additions	—	1,012	808	—	1,820
At 31 December 2015	1,147	5,771	2,722	5,846	15,486
Additions	—	113	839	850	1,802
Disposals	—	—	—	(408)	(408)
At 31 March 2016	1,147	5,884	3,561	6,288	16,880
DEPRECIATION					
At 1 January 2014	1,118	3,712	1,786	3,663	10,279
Provided for the year	1	325	33	704	1,063
Eliminated on disposals	—	—	—	(1,290)	(1,290)
At 31 December 2014	1,119	4,037	1,819	3,077	10,052
Provided for the year	6	381	99	758	1,244
At 31 December 2015	1,125	4,418	1,918	3,835	11,296
Provided for the period	1	104	68	196	369
Eliminated on disposals	—	—	—	(408)	(408)
At 31 March 2016	1,126	4,522	1,986	3,623	11,257
CARRYING VALUES					
At 31 December 2014	28	722	95	2,769	3,614
At 31 December 2015	22	1,353	804	2,011	4,190
At 31 March 2016	21	1,362	1,575	2,665	5,623

The above items of property, plant and equipment are depreciated over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease, or 20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

As at 31 December 2014 and 2015 and 31 March 2016, the Group's motor vehicles were held under finance leases.

(b) Computer Software

	HK$'000
COST	
At 1 January 2014	65
Addition	329
At 31 December 2014	394
Addition	160
At 31 December 2015	554
Addition	62
At 31 March 2016	616
AMORTISATION	
At 1 January 2014	36
Provided for the year	57
At 31 December 2014	93
Provided for the year	99
At 31 December 2015	192
Provided for the period	34
At 31 March 2016	226
CARRYING VALUE	
At 31 December 2014	301
At 31 December 2015	362
At 31 March 2016	390

The above computer software is amortised over its estimated useful life of 5 years using the straight-line method.

17. INVESTMENT IN A SUBSIDIARY

	THE COMPANY	
	As at 31 December 2015	**As at 31 March 2016**
	HK$'000	*HK$'000*
Unlisted shares, at the cost of US$100	1	1

18. TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	30,948	35,426	28,643
Amount due from JFX Holding *(note)*	—	11,289	—
Rental deposits	2,162	3,234	5,656
Deferred listing expenses	—	—	848
Other prepayments and deposits	695	4,817	5,223
Total trade and other receivables	33,805	54,766	40,370
Analysed as:			
Current assets	32,237	53,191	36,250
Non-current assets	1,568	1,575	4,120
	33,805	54,766	40,370

note: JFX Holding was a related company prior to 31 December 2015 and the corresponding amount as at 31 December 2014 has been disclosed in note 19 as a related party balance. The balance is non-trade in nature and mainly represents fund advanced to a related party controlled by Mr. Cheng, being a subsidiary of JFX Holding, in prior years which was settled through the current account with JFX Holding during the year ended 31 December 2014 as set out in note 31(ii). The balance is unsecured, non-interest bearing, repayable on demand and has been fully settled in March 2016.

The Group allows a credit period of 15 to 90 days to its customers for its trade receivables.

The following is an aged analysis of trade receivables presented based on invoice dates, which approximate the revenue recognition dates, at the end of each reporting period:

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	15,267	16,864	15,843
31–60 days	11,425	14,259	8,103
61–90 days	3,675	3,051	4,098
Over 90 days	581	1,252	599
	30,948	35,426	28,643

Included in the Group's trade receivables are receivables due from the following related parties:

	As at 31 December		As at 31 March
Name of related party	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Janco International Freight (China) Limited (subsequently renamed as Freight Concept Limited) ("**Freight Concept** ") *(note i)*	87	—	—
Freight Concept Lanka (Private) Limited ("**Freight Concept Lanka**") *(note ii)*	358	169	—
	445	169	—

notes:

(i) Freight Concept was under common control by Mr. Cheng prior to 31 December 2015. Due to the directorship of Mr. Cheng therein, Freight Concept was a related party of the Group from 31 December 2015 to 18 February 2016.

(ii) As at 31 December 2014, Mr. Cheng held 40% equity interest in Freight Concept Lanka. On 11 November 2015, Mr. Cheng disposed of his entire equity interest in Freight Concept Lanka to an independent third party, but retained his directorship in Freight Concept Lanka until 25 February 2016.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

Included in the Group's trade receivables as at 31 December 2014 and 2015 and 31 March 2016 are debtors with aggregate carrying amounts of approximately HK$3,290,000, HK$2,085,000 and HK$3,200,000, respectively, which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experiences. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
31–60 days	522	246	1,282
61–90 days	2,187	611	1,326
Over 90 days	581	1,228	592
	3,290	2,085	3,200

The Group's trade receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		**As at 31 March**
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
US$	9,960	16,354	13,125
Renminbi ("**RMB**")	35	5	—

19. AMOUNT(S) DUE FROM (TO) ULTIMATE HOLDING COMPANY/RELATED PARTIES/A DIRECTOR/ ADVANCE FROM MINORITY SHAREHOLDERS OF TRANSPEED HONG KONG

THE GROUP

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from ultimate holding company			
Million Venture	—	5	5
Amounts due from related parties			
JFX Holding *(note 18)*	11,280	—	—
Janco Logistics Asia Limited (subsequently renamed as JLA Logistics Limited) *(note)*	4,469	4,546	
JFXL# *(note)*	—	7,157	—
	15,749	11,703	—
Amount due to a director			
Mr. Cheng	26,712	6,658	6,658
Amounts due to related parties			
Freight Concept *(note)*	11,552	15,505	—
JFXL *(note)*	434	—	—
	11,986	15,505	—
Advance from minority shareholders of Transpeed Hong Kong			
Mr. Dejvorasuthi Chamras	48	—	—
Mr. Maruttamarn Kamol	48	—	—
	96	—	—

THE COMPANY

	2014	2015	2016
Amount due to a subsidiary			
Janco Global Logistics	—	—	4,561

The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand. The balances as at 31 March 2016, except for the Company's amount due to a subsidiary, will be settled or repaid prior to the Listing. In particular, the amount due to a director amounting to HK$2,000,000 and HK$4,658,000 will be repaid in cash and capitalised prior to the Listing, respectively.

note: These companies were under common control by Mr. Cheng prior to 31 December 2015. Due to the directorship of Mr. Cheng therein, these companies were related parties of the Group from 31 December 2015 to 18 February 2016.

Being receipt of trade receivables from the Group's customers by JFXL on behalf of Janco Global Logistics.

20. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Cash at bank and on hand	2,634	5,556	9,856
Time deposits in bank with original maturity less than three months	1,019	—	—
	3,653	5,556	9,856
Pledged bank deposit	16,500	—	—
	20,153	5,556	9,856

As at 31 December 2014 and 2015 and 31 March 2016, bank balances and cash are comprised of cash on hand and bank balances and bank balances carry interest at prevailing market interest rates which range from 0.01% to 2.20%, 0.01% to 0.25% and 0.01% to 0.25% per annum, respectively. As at 31 December 2014, the pledged bank deposit carried interest at a fixed rate of 0.24% per annum.

The Group's bank balances and cash and pledged bank deposit that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
US$	651	2,343	3,109
RMB	291	8	80

21. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	9,615	16,569	11,356
Accruals and receipts in advance from customers	5,962	4,603	6,797
Total trade and other payables and accruals	15,577	21,172	18,153

The credit period on trade payables is 15 to 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of each reporting period:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	6,755	12,394	7,679
31–60 days	2,280	2,997	2,373
61–90 days	298	371	719
Over 90 days	282	807	585
	9,615	16,569	11,356

Included in the Group's trade payables are payables due to the following related parties:

	As at 31 December		As at 31 March
Name of related party	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Freight Concept *(note 18)*	8	894	—
Freight Concept Lanka *(note 18)*	7	5	—
	15	899	—

The Group's trade payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
US$	3,612	3,624	2,821
RMB	10	9	16
Bangladeshi Taka ("**BDT**")	281	841	786
Euro ("**EUR**")	23	97	43
British Pound Sterling ("**GBP**")	76	166	15

At the end of the reporting period, certain banks have given performance guarantees covering the Group to their major suppliers.

22. OBLIGATIONS UNDER FINANCE LEASES

The Group leased its motor vehicles under finance leases. The lease term is 3 years and interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.28% to 4.95% per annum during the Track Record Period.

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December		As at 31 March	As at 31 December		As at 31 March
	2014	2015	2016	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance leases:						
Within one year	1,192	780	903	1,145	763	875
In more than one year but not more than two years	780	233	207	763	232	198
In more than two years but not more than five years	233	—	147	232	—	143
	2,205	1,013	1,257	2,140	995	1,216
Less: future finance changes	(65)	(18)	(41)			
Present value of lease obligations	2,140	995	1,216			
Less: Amount due for settlement within twelve months (shown under current liabilities)				(1,145)	(763)	(875)
Amount due for settlement after twelve months				995	232	341

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

23. BANK BORROWINGS

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Guaranteed bank borrowings that contain a repayable on demand clause — current liabilities	415	—	—
In accordance with scheduled repayment terms, carrying amount repayable: Within one year	415	—	—

At 31 December 2014, the Group's bank borrowings were guaranteed by the Government of the Hong Kong Special Administrative Region under the Small and Medium Enterprise Loan Guarantee Scheme to the extent of 80% of the outstanding amounts and guaranteed by the personal guarantees from the then directors of JFXL, including Mr. Cheng.

The Group's bank borrowings carried variable interest rates with reference to the HK$ Best Lending Rate minus certain basis points. As at 31 December 2014, the Group's bank borrowings carried an effective interest rate of 3% per annum.

24. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation
	HK$'000
At 1 January 2014	123
Charge to profit or loss *(note 10)*	175
At 31 December 2014	298
Charge to profit or loss *(note 10)*	315
At 31 December 2015	613
Credit to profit or loss *(note 10)*	(150)
At 31 March 2016	463

At 31 December 2014 and 2015 and 31 March 2016, the Group had unused tax losses of Nil, HK$146,000 and HK$496,000, respectively, available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

For the purpose of this report, the issued share capital of the Group as at 1 January 2014 and 31 December 2014 represented the aggregate share capital of Janco Logistics (HK) of HK$1,000,000 and Transpeed Hong Kong of HK$7,000 subscribed by JFX Holding.

On 21 May 2015, JFX Holding acquired 30% equity interest in Transpeed Hong Kong at a consideration of HK$3,000 from the two non-controlling shareholders. Since then, Transpeed Hong Kong became wholly owned by the Group.

Mr. Cheng, as the sole beneficial owner of JFX Holding, incorporated three BVI companies, namely Marine Elite, Sunset Edge and Wasco Global on 7 May 2015, 28 April 2015 and 28 April 2015 with 50,000 ordinary shares allotted of US$1.00 each in order to hold the investments in Janco Global Logistics, Janco Logistics (HK) and Transpeed Hong Kong, respectively.

Janco (BVI) was also incorporated in the BVI on 5 November 2015 with 50,000 authorised shares of US$1.00 each. Upon its incorporation, 1 share of US$1.00 was allotted and issued as fully paid to Mr. Cheng.

As part of the Reorganisation and in consideration of the acquisition of Marine Elite, Sunset Edge and Wasco Global by Janco (BVI), Janco (BVI) allotted and issued a total of 99 ordinary shares of US$1.00 each, credited as fully paid, to Mr. Cheng, at the direction of JFX Holding, on 29 December 2015.

The Company was incorporated in the Cayman Islands on 12 November 2015 with 38,000,000 authorised shares of HK$0.01 each. Upon its incorporation, 1 share of HK$0.01 was allotted and issued to a nominee subscriber, which was later transferred to Million Venture. Such share was paid up by Million Venture on 9 March 2016.

On 29 December 2015, the Company acquired the entire equity interest in Janco (BVI) from Mr. Cheng as part of the Reorganisation and the Company allotted and issued 99 ordinary shares of HK$0.01 each, credited as fully paid, to Million Venture as the consideration.

As at 31 December 2015 and 31 March 2016, the issued share capital of the Group represented the share capital of the Company of 100 ordinary shares of HK$0.01 each.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amount(s) due to a director/related parties, advance from minority shareholders of Transpeed Hong Kong, obligations under finance leases and bank borrowings disclosed in notes 19, 22 and 23, net of cash and cash equivalent, and equity attributable to owners of the Group, comprising issued share capital, capital reserve and retained profits.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debts or the redemption of existing debts.

27. FINANCIAL INSTRUMENTS

27a. Categories of financial instruments

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	66,850	63,979	38,504
Financial liabilities			
Amortised cost	48,824	38,732	18,014
Obligations under finance leases	2,140	995	1,216
	50,964	39,727	19,230

27b. Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount(s) due from ultimate holding company/related parties, pledged bank deposit, bank balances and cash, trade payables, amount(s) due to a director/related parties, advance from minority shareholders of Transpeed Hong Kong and bank borrowings.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Transactions entered into by the Group with certain trade customers and suppliers are denominated in US$, RMB, BDT, EUR and GBP and these foreign currencies expose the Group to market risk arising from changes in foreign exchange rates. Management monitors closely foreign currency exposure and will consider hedging any significant exposures should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities at the reporting date that are denominated in above foreign currencies are as follows:

	Assets			Liabilities		
	As at 31 December		As at 31 March	As at 31 December		As at 31 March
	2014	2015	2016	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
US$	10,611	18,697	16,234	(3,612)	(3,624)	(2,821)
RMB	326	13	80	(10)	(9)	(16)
BDT	—	—	—	(281)	(841)	(786)
EUR	—	—	—	(23)	(97)	(43)
GBP	—	—	—	(76)	(166)	(15)

Since HK$ is pegged to US$, the risk of volatility between US$ and HK$ is limited and the directors of the Company consider that the risk is minimal at current stage. Accordingly, no sensitivity analysis for such currency risk is presented.

The following table details the Group's sensitivity to a 5% increase or decrease in the exchange rate of HK$ against RMB, BDT, EUR and GBP. The percentage is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year/period end for a 5% change for the Track Record Period in foreign currency rates. A positive/negative number below indicates an increase/a decrease in post-tax profit or a decrease/an increase in post-tax loss where RMB, BDT, EUR and GBP strengthen 5% against HK$. For a 5% weakening of RMB, BDT, EUR and GBP against HK$, there would be an equal and opposite impact on the post-tax profit or loss.

	Decrease (increase) in post-tax profit/ increase(decrease) in post-tax loss		
	For the year ended 31 December		Three months ended 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
RMB impact	13	—	3
BDT impact	(12)	(35)	(33)
EUR impact	(1)	(4)	(2)
GBP impact	(3)	(7)	(1)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its pledged bank deposit and obligations under finance leases as set out in notes 20 and 22, respectively. The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings as set out in notes 20 and 23, respectively. The management monitors interest rate exposure on ongoing basis and will consider hedging any significant interest rate risks.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on HK$ Best Lending Rate arising from the Group's bank borrowings.

No sensitivity analysis is presented since the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances and bank borrowings is limited due to their short maturities.

Credit risk

As at 31 December 2014 and 2015 and 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantee is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as set out in notes 30 and 32.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

As at 31 December 2014 and 2015 and 31 March 2016, the Group is exposed to the concentration of credit risk on amounts due from related parties as set out in note 19 and trade receivables as 21%, 26% and 15%, respectively, of the total trade receivables were due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 37%, 42% and 41% of the total trade receivables as at 31 December 2014 and 2015 and 31 March 2016, respectively. The directors of the Company considered the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position. The Group assesses the credit risk of amounts due from related parties by reviewing and monitoring the financial performance of counterparties and the management considers the default risk is not significant.

The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2014							
Non-derivative financial liabilities							
Trade payables	—	9,615	—	—	—	9,615	9,615
Amount due to a director	—	26,712	—	—	—	26,712	26,712
Amounts due to related parties	—	11,986	—	—	—	11,986	11,986
Advance from minority shareholders of Transpeed Hong Kong	—	96	—	—	—	96	96
Obligations under finance leases	1.5	99	199	894	1,013	2,205	2,140
Bank borrowings *(note i)*	3.0	415	—	—	—	415	415
		48,923	199	894	1,013	51,029	50,964

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2015							
Non-derivative financial liabilities							
Trade payables	—	16,569	—	—	—	16,569	16,569
Amount due to a director	—	6,658	—	—	—	6,658	6,658
Amounts due to related parties	—	15,505	—	—	—	15,505	15,505
Obligations under finance leases	1.5	99	124	557	233	1,013	995
Financial guarantee contracts *(note ii)*	—	17,000	—	—	—	17,000	—
		55,831	124	557	233	56,745	39,727

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.03.2016
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2016							
Non-derivative financial liabilities							
Trade payables	—	11,356	—	—	—	11,356	11,356
Amount due to a director	—	6,658	—	—	—	6,658	6,658
Obligations under finance leases	1.6	76	150	677	354	1,257	1,216
Financial guarantee contracts *(note ii)*	—	17,000	—	—	—	17,000	—
		35,090	150	677	354	36,271	19,230

Notes:

(i) Bank borrowings with a repayment on demand clause are included in the 'On demand or less than 1 month' time band in the above maturity analysis. As at 31 December 2014, the aggregate carrying amounts of these bank borrowings amounted to HK$415,000. During the year ended 31 December 2015, the bank borrowings were settled in full in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2014, the aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period based on the scheduled repayment dates) are set out below.

	Weighted average interest rate	On demand or less than 1 month	1 month to 3 months	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2014					
Bank borrowings	3.0	209	208	417	415

(ii) The amounts included above for financial guarantee obligation are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Such guarantees were subsequently released in April 2016.

27c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Financial Information approximate their fair values due to the short-term maturities of these assets and liabilities.

28. OPERATING LEASE COMMITMENTS

The Group as lessee had made minimum lease payments of HK$7,124,000, HK$10,075,000, HK$2,147,000 (unaudited) and HK$2,888,000 under operating leases during the years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively, in respect of warehouses and office premises.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		As at 31 March
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Within one year	4,429	6,222	15,353
In the second to fifth year inclusive	1,916	8,212	20,158
	6,345	14,434	35,511

As at 31 December 2014 and 2015, related parties of the Group controlled by Mr. Cheng, have entered into five and four operating leases, respectively, on behalf of the Group. The commitments for future minimum lease payments under these non-cancellable operating leases which fall due as follows:

	As at 31 December		As at 31 March
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	3,646	5,306	—
In the second to fifth year inclusive	1,941	1,127	—
	5,587	6,433	—

All of the abovementioned commitments for future minimum lease payments under these non-cancellable operating leases have become the commitments of the Group during the three months ended 31 March 2016.

Leases are negotiated for an average term of two to three years and rentals are fixed throughout the lease period.

29. RETIREMENT BENEFITS PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,250 per month (increased to HK$1,500 per month effective from 1 June 2014) or 5% of the relevant payroll costs to the MPF Scheme.

The total costs charged to profit or loss of HK$1,011,000, HK$1,004,000, HK$285,000 (unaudited) and HK$271,000 represent contributions paid or payable to the above scheme by the Group for the years ended 31 December 2014 and 2015 and the three months ended 31 March 2015 and 2016, respectively. As at 31 December 2014 and 2015 and 31 March 2016, contributions of HK$116,000, HK$170,000 and HK$158,000, respectively, due in respect of the corresponding reporting periods had not been paid over to the scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

30. RELATED PARTY DISCLOSURES

(i) Transactions

Save as disclosed in other notes, during the Track Record Period, the Group entered into the following transactions with its related parties:

Related parties	Nature of transactions	Year ended 31 December 2014 HK$'000	Year ended 31 December 2015 HK$'000	Three months ended 31 March 2015 HK$'000 (Unaudited)	Three months ended 31 March 2016 HK$'000
Spouse of a director of the Company					
Ms. Tai Choi Wan, Noel ("**Mrs. Cheng**")	Proceeds from disposal of motor vehicles	20	—	—	—
Freight Concept	Transportation and forwarding income	19,796	18,981	4,069	2,745
	Transportation and forwarding charges	(3,658)	(2,286)	(462)	(332)
		16,138	16,695	3,607	2,413
Freight Concept Lanka	Transportation and forwarding income	1,388	1,144	342	235
	Transportation and forwarding charges	(73)	(47)	(19)	(24)
		1,315	1,097	323	211

(ii) Balances

Details of the balances with related parties are set out in the consolidated statements of financial position and notes 18, 19 and 21.

(iii) Pledge of assets and guarantees in support of the banking facilities

As at 31 December 2014, Mr. and Mrs. Cheng, being a director of the Company and his spouse, had given personal guarantees to a bank to secure two bank loans granted to the Group. The extent of these facilities utilised by the Group as at 31 December 2014 amounted to HK$415,000.

As at 31 December 2015 and 31 March 2016, the Group had obtained a general banking facility from a bank which was secured by the followings:

(i) A personal guarantee given by Mr. Cheng;

(ii) A property held by Mr. Cheng; and

(iii) Corporate guarantees issued by JFXL and Freight Concept.

The above securities provided by JFXL and Freight Concept were subsequently released in April 2016 and the securities provided by Mr. Cheng will be released upon completion of the Listing.

As at 31 December 2015 and 31 March 2016, Janco Global Logistics had given unlimited corporate guarantees to a bank to secure a general banking facility of HK$17,000,000 granted to JFXL and Freight Concept. As at 31 December 2015 and 31 March 2016, JFXL had utilised the banking facilities to the extent of HK$1,579,000 and HK$973,000, respectively, and Freight Concept had utilised the banking facilities to the extent of HK$473,000 and HK$473,000, respectively. Such corporate guarantees were subsequently released in April 2016.

(iv) Compensation of key management personnel

	Year ended 31 December		Three months ended 31 March	
	2014	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries and other allowances	1,142	1,385	288	489
Discretionary bonus	583	1,035	109	154
Retirement benefits scheme contributions	49	54	13	18
	1,774	2,474	410	661

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

31. MAJOR NON-CASH TRANSACTIONS

Other than elsewhere disclosed in the Financial Information, the Group has entered into the following non-cash transactions:

(i) Finance lease arrangements in respect of motor vehicles with total capital values of HK$2,115,000 and HK$680,000 at the inception of the leases were entered during the year ended 31 December 2014 and the three months ended 31 March 2016, respectively.

(ii) An amount due from a related party controlled by Mr. Cheng, being a subsidiary of JFX Holding, amounting to HK$10,680,000 was settled through the current account with JFX Holding during the year ended 31 December 2014.

32. CONTINGENT LIABILITIES

As at 31 December 2015 and 31 March 2016, Janco Global Logistics had given unlimited corporate guarantees to a bank to secure a general banking facility of HK$17,000,000 granted to JFXL and Freight Concept as set out in note 30. As at 31 December 2015 and 31 March 2016, JFXL had utilised the banking facilities to the extent of HK$1,579,000 and HK$973,000, respectively, and Freight Concept had utilised the banking facilities to the extent of HK$473,000 and HK$473,000, respectively. Such corporate guarantees were subsequently released in April 2016.

B. DIRECTORS' REMUNERATION

Under the arrangement presently in force, the aggregate remuneration of the Company's directors for the year ending 31 December 2016, excluding discretionary bonus, is estimated to be approximately HK$2.7 million.

C. SUBSEQUENT EVENTS

The following events took place subsequent to 31 March 2016:

On 23 September 2016, written resolutions of the sole shareholder of the Company were passed to approve the followings:

(a) the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$15,000,000 divided into 1,500,000,000 shares by the creation of an additional 1,462,000,000 shares of HK$0.01 each;

(b) conditional upon the share premium account of the Company being credited as a result of the placing of the Company's shares, the directors of the Company were authorised to capitalise an amount of HK$4,499,999 standing to the credit of the share premium account of the Company and applied in paying up in full at par a total of 449,999,900 shares for allotment and issue to the sole shareholder of the Company; and

(c) the share option scheme of the Company was conditionally adopted on 23 September 2016 and the principal terms of which are set out in Appendix IV to the Prospectus.

Save as aforesaid, there were no significant events took place subsequent to 31 March 2016.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

*The information set forth in this appendix does not form part of the accountants' report on the financial information of the Group for each of the two years ended 31 December 2015 and the three months ended 31 March 2016 (the "**Accountants' Report**") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included in this prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.*

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the Placing on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 as if the Placing had taken place on that date.

The statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Placing been completed as at 31 March 2016 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016	**Estimated net proceeds from the Placing**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on a Placing Price of HK$0.38 per Share	28,175	40,758	68,933	0.115
Based on a Placing Price of HK$0.42 per Share	28,175	46,458	74,633	0.124

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 is based on the consolidated net assets of the Group attributable to owners of the Company of HK$28,565,000 with an adjustment for computer software of HK$390,000 as at 31 March 2016 as extracted from the Accountants' Report set forth in Appendix I to this prospectus.

2. The adjustment to the pro forma statement of consolidated net tangible assets of the Group reflects the estimated net proceeds from the Placing to be received by the Company. The estimated net proceeds from the Placing is based on 150,000,000 Shares at the Placing Price of HK$0.38 and HK$0.42 per Share, being the low-end and high-end of the stated Placing Price range, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 31 March 2016 and does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the Company's general mandate.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on 600,000,000 Shares in issue immediately following completion of the Placing and the Capitalisation Issue assumed to be on 31 March 2016. It does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the Company's general mandate.

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2016.

(B) ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS' ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Janco Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Janco Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 March 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 September 2016 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by way of placing ("**Placing**") on the Group's financial position as at 31 March 2016 as if the proposed Placing had taken place at 31 March 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the two years ended 31 December 2015 and the three months ended 31 March 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 30 September 2016

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 November 2015 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Memorandum of Association (the "**Memorandum**") and the Articles of Association (the "**Articles**") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 September 2016. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Financial assistance to purchase shares of the Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. There is no provision in the Articles that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law; or

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution — majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 8 December 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them *(pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 November 2015.

Our Company was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance on 18 March 2016 and our principal place of business in Hong Kong is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. In connection with such registration, we have appointed Mr. Cheng of Flat B, 9th Floor, Chantilly, 6 Shiu Fai Terrace, Stubbs Road, Hong Kong and Mr. Yau Sze Yeung of Room C, 35th Floor, Block 2, Royal Ascot, Shatin, New Territories, Hong Kong as the authorised representatives of our Company for acceptance of service of process and notices on our behalf in Hong Kong.

As our Company is incorporated in the Cayman Islands, we are subject to the Companies Law, the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

(a) As at the date of our incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same date, one subscriber Share was allotted and issued, payable at par, to a nominee subscriber, who subsequently transferred the said one Share to Million Venture for HK$0.01 on the same date. Such Share was paid up by Million Venture on 9 March 2016.

(b) On 23 September 2016, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$15,000,000 divided into 1,500,000,000 Shares by the creation of an additional 1,462,000,000 Shares.

Immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$15,000,000 divided into 1,500,000,000 Shares, of which 600,000,000 Shares will be allotted and issued as fully paid or credited as fully paid and 900,000,000 Shares will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed "5. Written resolutions of our sole Shareholder passed on 23 September 2016" and "6. Repurchase of the Shares" in this appendix, and the exercise of the options that may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any Share out of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in the preparation for the Listing. Further details are set out in the paragraph headed "History, Development and Reorganisation — Reorganisation" in this prospectus.

4. Changes in the share capital of our subsidiaries

Our subsidiaries are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the paragraph headed "History, Development and Reorganisation — Reorganisation" in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Written resolutions of our sole Shareholder passed on 23 September 2016

Written resolutions of our sole Shareholder were passed on 23 September 2016 approving, among others, the following:

(a) the Memorandum and the Articles were adopted as our memorandum of association and articles of association;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 Shares of HK$0.01 each by the creation of additional 1,462,000,000 Shares, all of which shall rank pari passu in all respects with the existing Shares; and

(c) conditional upon (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus including the Shares that may be allotted and issued pursuant to the exercise of the options that may be granted under the Share Option Scheme; (ii) the Placing Price having been duly determined and the execution and delivery of the Underwriting Agreement on the date as specified in this prospectus; and (iii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition by Quam Securities (for itself and on behalf of the other Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:

(A) the Placing was approved and our Directors were authorised to (1) allot and issue the Placing Shares pursuant to the Placing subject to the terms and conditions as stated in this prospectus; (2) implement the Placing and the Listing; and (3) do all things and execute all documents in connection with or incidental to the Placing and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(B) conditional upon the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise the amount of HK$4,499,999 from the amount standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par a total of 449,999,900 Shares for allotment and issue to our Shareholder(s) whose names appear on the register of members of our Company at the close of business on 23 September 2016, or as each of them may direct in writing, in proportion (or as near as possible without involving the issue of fractions of Shares) to their then existing respective shareholdings in our Company and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing Shares;

(C) the rules of the Share Option Scheme were approved and our Board or any committee thereof established by our Board was authorised, at its sole discretion, to (1) administer the Share Option Scheme; (2) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (3) grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; and (4) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

(D) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire the Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) that may be granted under the Share Option Scheme or under the Placing and the Capitalisation Issue, Shares in aggregate not exceeding the sum of (1) 20% of the total number of Share in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme); and (2) the total number of Shares in issue which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (E) below, until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first;

(E) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first; and

(F) a general unconditional mandate mentioned in sub-paragraph (D) above was extended by the addition to the total number of Shares in issue which may be allotted or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (E) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme).

6. Repurchase of the Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our sole Shareholder passed on 23 September 2016, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the Companies Law. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by us may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of our Company, out of our share premium before or at the time the Shares are repurchased, or, subject to the Companies Law, out of capital.

(iii) Trading restrictions

A company is authorised to repurchase, on the Stock Exchange and/or on any other stock exchange recognised by the SFC and the Stock Exchange, the total number of shares which represent up to a maximum of 10% of the total number of shares of that company in issue at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on GEM if the result of the repurchases would be that the number of the listed securities in the hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not purchase its shares on the Stock Exchange if the purchase price is 5% or more higher than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

Under the Companies Law, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (A) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (B) the deadline for the listed company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of us and our Shareholders for our Directors to be granted a general mandate by our Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit us and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the Companies Law and other applicable law(s) of the Cayman Islands.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, currently intends to sell any Share to us. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they shall exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our voting rights increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

Our Company has not made any repurchases of our own securities since its incorporation.

No core connected person of our Company has notified us that he has a present intention to sell the Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) a business transfer agreement dated 15 July 2015 entered into between JFXL and Janco Global Logistics in relation to the Business Transfer for a consideration of HK$15,376,603;

(b) a set-off deed dated 15 September 2015 entered into among JFX Holding, JFXL, Marine Elite and Janco Global Logistics in relation to, inter alia, the consideration of HK$15,376,603 payable by Janco Global Logistics to JFXL for the Business Transfer;

(c) a sale and purchase agreement dated 26 December 2015 entered into between JFX Holding and Sunset Edge in relation to the transfer of 1,000,000 ordinary shares in Janco Logistics (HK) from JFX Holding to Sunset Edge for a consideration of HK$1.0;

(d) a sale and purchase agreement dated 26 December 2015 entered into between JFX Holding and Wasco Global in relation to the transfer of 10,000 ordinary shares in Transpeed Hong Kong from JFX Holding to Wasco Global for a consideration of HK$1.0;

(e) a sale and purchase agreement dated 29 December 2015 entered into between JFX Holding and Janco (BVI) in relation to the transfers of 50,000 ordinary shares in Wasco Global, 50,000 ordinary shares in Sunset Edge and 50,000 ordinary shares in Marine Elite from JFX Holding to Janco (BVI), in the consideration of Janco (BVI) allotting and issuing a total of 99 ordinary shares in Janco (BVI) of US$1.0 each, credited as fully paid, to Mr. Cheng;

(f) a reorganisation agreement dated 29 December 2015 entered into among Mr. Cheng, our Company, Million Venture and Janco (BVI) in relation to the transfer of 100 ordinary shares in Janco (BVI) from Mr. Cheng to our Company, in the consideration of our Company allotting and issuing a total of 99 Shares of HK$0.01 each, credited as fully paid, to Million Venture;

(g) the Deed of Indemnity;

(h) the Deed of Non-competition; and

(i) the Underwriting Agreement.

2. Intellectual property rights

(a) *Trademarks*

(i) As at the Latest Practicable Date, we had registered the following trademark which is, in the opinion of our Directors, material to our business:

Trademark	Owner	Class	Place of registration	Trademark number	Expiry date
	Janco Global Logistics	39	Hong Kong	303549079	24 September 2025

(ii) As at the Latest Practicable Date, we had applied for registration of the following trademarks, and the following trademark applications are, in the opinion of our Directors, material to our business:

Trademark	Applicant	Class	Place of registration	Application number	Application date
JANCO Janco janco	Janco Global Logistics	39	Hong Kong	303552246	30 September 2015
JANCO FREIGHT	Janco Global Logistics	39	Hong Kong	303552255	30 September 2015

(b) *Domain name*

As at the Latest Practicable Date, we had registered the following domain name, and the following domain name is, in the opinion of our Directors, material to our business:

Domain name	Registered owner	Expiry date
www.jancofreight.com	Janco Global Logistics	15 April 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and/or short positions of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations

Immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme), the interests or short positions of each Director and chief executive of our Company in the shares, underlying shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to us and the Stock Exchange once the Shares are listed, will be as follows:

Director/chief executive of our Company	Company concerned	Nature of interest	Number of Shares held immediately after completion of the Placing and the Capitalisation Issue *(Note 1)*	Approximate percentage of interests in our Company immediately after completion of the Placing and the Capitalisation Issue
Mr. Cheng *(Note 2)*	Our Company	Interest in a controlled corporation	450,000,000 (L)	75%

Notes:

1. The letter "L" denotes the person's "long position" (as defined in Part XV of the SFO) in the Shares.

2. Our Company will be directly owned as to 75% by Million Venture immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). Million Venture is wholly and beneficially owned by Mr. Cheng. Under the SFO, Mr. Cheng is deemed to be interested in the same number of Shares held by Million Venture. Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng. Under the SFO, Ms. Tai Choi Wan, Noel is deemed to be interested in the same number of Shares in which Mr. Cheng is interested.

None of our Directors or chief executive of our Company will immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme) have any discloseable interests other than those as disclosed above.

(b) Interests and/or short positions of our Substantial Shareholders discloseable under the SFO

Please refer to the section headed "Substantial and Significant Shareholders" in this prospectus for details of the persons (other than a Director or a chief executive of our Company)/ corporations who/which will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or who/which are, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of our Group.

Our Directors are not aware of any persons who will immediately after completion of the Placing and the Capitalisation Issue (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than those as disclosed above.

2. Particulars of Directors' service agreements and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with us for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial fixed term of one year commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate emoluments paid and benefits in kind (excluding discretionary bonus and contributions to pension schemes) granted to our Directors by any member of our Group were approximately HK$1.1 million, HK$1.4 million and HK$0.5 million, respectively.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate of contributions to pension schemes for our Directors were approximately HK$49,000, HK$54,000 and HK$18,000, respectively.

For the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016, the aggregate discretionary bonus paid to our Directors by any member of our Group was approximately HK$0.6 million, HK$1.0 million and HK$0.2 million, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by any member of our Group to, and benefits in kind receivable by, our Directors for the year ending 31 December 2016 are expected to be approximately HK$2.7 million.

None of our Directors or any past director of any member of our Group has been paid any sum of money for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 (a) as an inducement to join or upon joining our Company; or (b) for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by any member of our Group to each of our Directors will be as follows:

	HK$'000
Executive Directors	
Mr. Cheng	1,800
Mr. Chan Kwok Wai	958
Mr. Lo Wai Wah	572
Mr. Yau Sze Yeung	819
Independent non-executive Directors	
Mr. Siu Wing Hay	180
Mr. Wong Yee Lut Eliot	180
Mr. Luk Kin Ting	180

Each of our executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable in respect of the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016 by any member of our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 30 to the Accountants' Report in Appendix I to this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or the experts named in the paragraph headed "E. Other information — 7. Qualifications of experts" in this appendix has been directly or indirectly interested in the promotion of, or in any asset which has been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor the experts named in the paragraph headed "E. Other information — 7. Qualifications of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and

(c) none of the experts named in the paragraph headed "E. Other information — 7. Qualifications of experts" in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Summary of terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"). As at the Latest Practicable Date, there was no "Invested Entity" other than members of our Group, and our Group has not identified any potential "Invested Entity" for investment.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any of the following classes:

(i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)) of our Company, any of our subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an "**eligible employee**");

(ii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iii) any customer of any member of our Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group;

(vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants.

For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of an option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(c) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time.

(ii) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group must not in aggregate exceed 10% of the total number of Shares (assuming the Share Option Scheme is not exercised) in issue at the time dealings in the Shares first commence on the Stock Exchange, being 60,000,000 Shares (the "**General Scheme Limit**").

(iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group must not exceed 10% of the total number of Shares in issue (assuming the Share Option Scheme is not exercised) as at the date of the approval of the limit and for the purpose of calculating the limit, options (including options outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

(iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit, or if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and any other share option schemes of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Shares in issue of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such grantees and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) Grant of options to cover connected persons

(i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of an option under the Share Option Scheme).

(ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(1) representing in aggregate over 0.1% of the Shares in issue; and

(2) having an aggregate value, based on the closing price of the Shares on the offer date of each grant, in excess of HK$5 million;

such further grant of options must be approved by our Shareholders in general meeting. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of our Shareholders under paragraphs (c), (d) and (e) above, our Company must send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Performance targets

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(h) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

(i) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered in the register of members of our Company as the holder thereof.

(j) Restrictions on the time of grant of options

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's result for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to publish announcements of its results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) Rights on ceasing employment

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health or retirement

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee is at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(n) Rights on dismissal

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

(o) Rights on breach of contracts

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (i)(1) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (2) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in sub-paragraph (i)(1) to (3).

(p) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(q) Rights on winding-up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(r) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

(i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and

(ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(s) Adjustment to the subscription price

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); and/or

(ii) the subscription price of any option; and/or

(iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

(i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

(ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(iv) any such adjustment shall be made in compliance with the GEM Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the relevant provisions of the GEM Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(t) Cancellation of options

Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by our Shareholders pursuant to paragraph (c)(ii) or (c)(iv) above.

(u) Termination of the Share Option Scheme

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Rights are personal to grantee

An option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(w) Lapse of option

An option shall lapse (to the extent not already exercised) immediately on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q) and (r) above; or (iii) the date on which our Directors exercise our Company's right to cancel the option by reason of paragraph (v) above.

(x) Others

(i) The Share Option Scheme is conditional upon:

(1) the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and

(2) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholders.

(ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the Articles for the time being for a variation of the rights attached to the Shares.

(iii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the GEM Listing Rules.

(v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued within the General Scheme Limit pursuant to the exercise of options that may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders (collectively, the "**Indemnifiers**") have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among others:

(a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, enter into (or deemed to be so earned, accrued, received or enter into) or occurring on or before the date on which the Placing becomes unconditional, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any member of our Group of any amount paid by the Indemnifiers under the Deed of Indemnity; and/or

(b) all reasonable costs (including all legal costs), expenses or other liabilities which any member of our Group may incur in connection with:

  (i) the investigation, assessment, settlement or contesting of any taxation claim;

  (ii) the settlement of any claim under the Deed of Indemnity;

  (iii) any legal proceedings in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of our Group; or

  (iv) the enforcement of any such settlement or judgment.

The Indemnifiers shall be under no liability under the Deed of Indemnity, among other things:

(a) to the extent that provision has been made for such taxation in the audited combined accounts of the members of our Group for the Track Record Period;

(b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Inland Revenue Department of Hong Kong or any other tax or government authorities in any part of the world coming into force after the date on which the Placing becomes unconditional or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date on which the Placing becomes unconditional with retrospective effect; or

(c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Placing becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and the BVI is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

To the best knowledge of our Directors, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any member of our Group, that would have a material adverse effect on our financial condition and results of operations.

3. Application for the listing of Shares

We have applied to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Lego Corporate Finance Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

5. Preliminary expenses

Our estimated preliminary expenses to the incorporation of our Company are approximately HK$42,600 and are payable by us.

6. Promoter

We do not have any promoter.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice in this prospectus:

Name	Qualifications
Lego Corporate Finance Limited	A corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity as defined in the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

8. Consents of the experts

Each of Lego Corporate Finance Limited, Deloitte Touche Tohmatsu, Conyers Dill & Pearman and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its statement and/or report and/or opinion (as the case may be), all of which are dated the date of this prospectus, and reference to its name included in the form and context in which it respectively appears in this prospectus.

9. Fees of the Sponsor

The Sponsor will receive a sponsorship, financial advisory and documentation fee of a total amount of HK$6.2 million in relation to the Listing and will be reimbursed for their expenses.

10. Independence of the Sponsor

Neither the Sponsor nor any of its close associates has accrued any material benefit as a result of the successful outcome of the Placing, other than the following:

(a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sponsor for acting as the sponsor of the Listing; and

(b) by way of the compliance advisory fee to be paid to the Sponsor as our compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sponsor has any directorship in our Company or any member of our Group. The Sponsor is independent of our Group under Rule 6A.07 of the GEM Listing Rules.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

  (i) no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued as fully or partly paid either for cash or for a consideration other than cash;

  (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

  (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Share;

(b) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;

(c) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(d) our Company has no outstanding convertible debt securities.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents as referred to in the paragraph headed "E. Other information — 7. Qualifications of experts" in Appendix IV to this prospectus and copies of the material contracts as referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for each of the two years ended 31 December 2014 and 2015 and the three months ended 31 March 2016;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information on our Group, the text of which are set out in Appendix II to this prospectus;

(e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Companies Law as referred to in Appendix III to this prospectus;

(f) the Companies Law;

(g) the rules of the Share Option Scheme;

(h) the material contracts as referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this prospectus;

(i) the service agreements and letters of appointment as referred to in the paragraph headed "C. Further information about our Directors and Substantial Shareholders — 2. Particulars of Directors' service agreements and appointment letters" in Appendix IV to this prospectus; and

(j) the written consents as referred to in the paragraph headed "E. Other information — 7. Qualifications of experts" in Appendix IV to this prospectus.

Janco Holdings Limited
駿高控股有限公司