Janco Holdings Limited
駿高控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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.

*This announcement, for which the directors (the "**Directors**") of Janco Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and the Company's website at www.jancofreight.com.

FINANCIAL HIGHLIGHTS

- The revenue of the Company and its subsidiaries (collectively the "**Group**") amounted to approximately HK$220.9 million for the year ended 31 December 2016 (2015: approximately HK$209.3 million), representing an increase of approximately 5.5% as compared with the year ended 31 December 2015.

- The loss and total comprehensive expense of the Group is approximately HK$2.5 million for the year ended 31 December 2016, representing a decrease of approximately HK$16.1 million or 118.4% as compared with a profit and total comprehensive income of approximately HK$13.6 million for the year ended 31 December 2015. Such a loss was mainly due to the recognition of the one-off listing expenses of approximately HK$16.4 million during the year ended 31 December 2016 (2015: nil). Excluding such one-off listing expenses, the Group would have recorded a profit attributable to owners of the Company of approximately HK$13.9 million for the year ended 31 December 2016.

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce that the audited consolidated financial results of the Group for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**220,928**	209,316
Cost of sales		**(168,218)**	(165,676)
Gross profit		**52,710**	43,640
Other income		**7**	26
Other gains and losses		**(76)**	96
Administrative expenses		**(35,525)**	(27,386)
Listing expenses		**(16,367)**	–
Finance costs		**(58)**	(46)
Profit before taxation		**691**	16,330
Income tax expense	*4*	**(3,214)**	(2,744)
(Loss) profit and total comprehensive (expense) income for the year	*5*	**(2,523)**	13,586
Attributable to:			
Owners of the Company		**(2,523)**	13,623
Non-controlling interests		**–**	(37)
		(2,523)	13,586
(Loss) earnings per share — basic (HK cents)	*6*	**(0.52)**	3.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**7,076**	4,190
Computer software		**389**	362
Rental deposits	*8*	**5,397**	1,575
		12,862	6,127
Current assets			
Trade receivables	*8*	**58,442**	35,426
Other receivables, deposits and prepayments	*8*	**6,709**	17,765
Amount due from ultimate holding company		**–**	5
Amounts due from related parties		**–**	11,703
Tax recoverable		**233**	190
Bank balances and cash		**27,685**	5,556
		93,069	70,645
Current liabilities			
Trade payables	*9*	**10,881**	16,569
Other payables and accruals	*9*	**2,540**	4,603
Amount due to a director		**–**	6,658
Amount due to a related party		**–**	15,505
Tax payable		**3,795**	747
Obligations under finance leases — due within one year		**350**	763
		17,566	44,845
Net current assets		**75,503**	25,800
Total assets less current liabilities		**88,365**	31,927
Non-current liabilities			
Obligations under finance leases — due after one year		**615**	232
Deferred tax liabilities		**778**	613
		1,393	845
		86,972	31,082
Capital and reserves			
Share capital	*10*	**6,000**	–
Reserves		**80,972**	31,082
Total equity		**86,972**	31,082

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company							
	Share capital *HK$'000* *(note 10)*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000* *(note i)*	**Other reserve** *HK$'000*	**Retained profits** *HK$'000*	**Subtotal** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2015	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 Limited ("**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 (as defined in note 1)	(2,183)	–	2,183	–	–	–	–	–
At 31 December 2015	–	–	17,659	–	13,423	31,082	–	31,082
Loss and total comprehensive expense for the year	–	–	–	–	(2,523)	(2,523)	–	(2,523)
Deemed contribution by Mr. Cheng Hon Yat ("**Mr. Cheng**")	–	–	–	4,658	–	4,658	–	4,658
Issue of shares in the Placing (as defined in note 1) *(note 10(iii))*	1,500	60,000	–	–	–	61,500	–	61,500
Transaction costs directly attributable to issue of new shares in the Placing (as defined in note 1)	–	(7,745)	–	–	–	(7,745)	–	(7,745)
Capitalisation Issue of shares (as defined in note 10(iv))	4,500	(4,500)	–	–	–	–	–	–
At 31 December 2016	6,000	47,755	17,659	4,658	10,900	86,972	–	86,972

notes:

(i) Capital reserve is comprised of (i) the profits derived from the Hong Kong Business (as defined in note 1) carried out by Janco International Freight Limited (subsequently renamed as JFX Limited) ("**JFXL**") prior to its transfer to Janco Global Logistics Limited ("**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 (as defined in note 1) and the nominal value of the Company's shares issued.

(ii) The combined share capital of HK$1,173,000 arising from the incorporation of Janco (BVI) Group Ltd. ("**Janco (BVI)**"), Marine Elite Limited ("**Marine Elite**"), Sunset Edge Limited ("**Sunset Edge**") and Wasco Global Limited ("**Wasco Global**") was settled through the current account with Mr. Cheng.

NOTES:

For the year ended 31 December 2016

1. REORGANISATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In the preparation for the listing of the Company's shares on GEM of the Stock Exchange by way of placing (the "**Placing**") on 7 October 2016 (the "**Listing**"), the companies now comprising the Group, which are wholly owned by Mr. Cheng, underwent a corporate reorganisation (the "**Reorganisation**"), in the year ended 31 December 2015 which principally involves the following steps:

(i) Transfer of the Hong Kong Business (as defined below) 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 entities incorporated in the British Virgin Islands (the "**BVI**"), namely Marine Elite, Sunset Edge and Wasco Global and three operating entities, namely Janco Global Logistics, Janco Logistics (HK) Limited ("**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 Holdings Limited ("**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 statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2015 have been prepared to present the financial performance, changes in equity 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 year ended 31 December 2015 or since the respective dates of incorporation, which is a shorter period.

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 subsidiary established in the People's Republic of China (the "**PRC**") which engaged in the provision of air and ocean freight forwarding services in 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 Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as if the transfer had been completed on 1 January 2015.

In applying AG 5, the consolidated statement of financial position of the Group as at 1 January 2015 already included the assets and liabilities of the Hong Kong Business as if it was within the Group on that date. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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 2015.

2. BASIS OF PREPARATION AND APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM and by the Hong Kong Companies Ordinance.

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 Group's financial year beginning on 1 January 2016 throughout the years ended 31 December 2016 and 2015.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[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 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 that is relevant to the Group is in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost under HKFRS 9. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are currently presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group had non-cancellable operating lease commitments of HK$40,937,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Except for the above, the directors of the Company anticipate that the application of the other new amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. 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 2016

	Air Freight	**Ocean Freight**	**Logistics**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue					
External sales	**87,759**	**97,827**	**35,342**	**–**	**220,928**
Inter-segment sales	**502**	**6,039**	**77**	**(6,618)**	**–**
	88,261	**103,866**	**35,419**	**(6,618)**	**220,928**
Segment results	**12,299**	**32,961**	**560**	**–**	**45,820**
Other income					**7**
Other gains and losses					**(76)**
Administrative expenses					**(28,635)**
Listing expenses					**(16,367)**
Finance costs					**(58)**
Profit before taxation					**691**

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results mainly represented profit before taxation earned by each segment without allocation of other income, other gains and losses, certain administrative expenses, listing expenses and finance costs. 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 customer individually contributing over 10% of the Group's revenue is as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A — revenue generated in all segments	**31,608**	35,778

4. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**2,864**	2,429
Underprovision in prior year	**185**	–
	3,049	2,429
Deferred tax	**165**	315
	3,214	2,744

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

5. (LOSS) PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration	**4,631**	2,474
Other staff costs:		
Salaries and other allowances	**28,258**	20,259
Retirement benefits scheme contributions	**1,112**	950
Total staff costs	**34,001**	23,683
Auditor's remuneration	**1,400**	300
Depreciation and amortisation	**2,089**	1,343

6. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the year ended 31 December 2016 and 2015 is based on the loss for the year attributable to owners of the Company of HK$2,523,000 and profit for the year attributable to owners of the Company of HK$13,623,000, respectively.

The weighted average number of ordinary shares in issue during the year ended 31 December 2016 of approximately 485,246,000 (2015: 450,000,000) is based on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 10(iv) had been completed on 1 January 2015.

No diluted (loss) earnings per share are presented for both years as there were no potential ordinary shares outstanding.

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**58,442**	35,426
Amount due from JFX Holding *(note)*	**–**	11,289
Rental deposits	**6,218**	3,234
Other prepayments and deposits	**5,888**	4,817
Total trade and other receivables	**70,548**	54,766
Analysed as:		
Current assets:		
Trade receivables	**58,442**	35,426
Other receivables, prepayments and deposits	**6,709**	17,765
	65,151	53,191
Non-current assets:		
Rental deposits	**5,397**	1,575
	70,548	54,766

note: The balance as at 31 December 2015 was non-trade in nature and mainly represents fund advanced to JFX Holding, a former related party controlled by Mr. Cheng, in prior years. The balance was unsecured, non-interest bearing, repayable on demand and had been fully settled in March 2016.

The Group allows a credit period of 15 to 90 days (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**16,059**	16,864
31–60 days	**14,672**	14,259
61–90 days	**7,891**	3,051
Over 90 days	**19,820**	1,252
	58,442	35,426

Included in the Group's trade receivables are receivables due from the following related parties:

Name of related party

	2016	2015
	HK$'000	*HK$'000*
Fright Concept Lanka (Private) Limited ("**Freight Concept Lanka**") *(note)*	**–**	169

note: During the period from 1 January 2015 to 10 November 2015, 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. As at 31 December 2016, 59% (2015: 94%) of the Group's trade receivables amounting to HK$34,655,000 (2015: HK$33,341,000) are neither past due nor impaired since they have good credit quality with reference to subsequent settlements and respective settlement history.

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK$23,787,000 (2015: HK$2,085,000), which are past due as 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 and subsequent settlement. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2016	2015
	HK$'000	*HK$'000*
31–60 days	**528**	246
61–90 days	**3,439**	611
Over 90 days	**19,820**	1,228
	23,787	2,085

9. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Trade payables	**10,881**	16,569
Accruals and receipts in advance from customers	**2,540**	4,603
Total trade payables and other payables and accruals	**13,421**	21,172

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:

	2016 HK$'000	2015 HK$'000
0–30 days	**6,563**	12,394
31–60 days	**1,647**	2,997
61–90 days	**315**	371
Over 90 days	**2,356**	807
	10,881	16,569

Included in the Group's trade payables are payables due to the following related parties:

Name of related party

	2016 HK$'000	2015 HK$'000
Freight Concept Limited ("**Freight Concept**") *(note)*	**–**	894
Freight Concept Lanka	**–**	5
	–	899

note: Freight Concept was under 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 until 18 February 2016.

As at 31 December 2016 and 2015, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

10. SHARE CAPITAL

The issued share capital of the Group as at 1 January 2015 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 12 May 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.

Details of movements in the authorised and issued capital of the Company since 12 November 2015 (date of incorporation) to 31 December 2015 and during the year ended 31 December 2016 are as follows:

	Number of ordinary shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 12 November 2015 (date of incorporation) and 31 December 2015 *(note i)*	38,000,000	380,000
Increase in authorised share capital *(note ii)*	1,462,000,000	14,620,000
At 31 December 2016	1,500,000,000	15,000,000
Issued and fully paid:		
Issue of share on 12 November 2015 (date of incorporation) *(note i)*	1	–
Issue of shares to Million Venture on 29 December 2015 *(note i)*	99	–
At 31 December 2015 *(note i)*	100	1
Issue of new shares in the Placing *(note iii)*	150,000,000	1,500,000
Capitalisation Issue *(note iv)*	449,999,900	4,499,999
At 31 December 2016	600,000,000	6,000,000
Balance presented in HK$'000		6,000

notes:

(i) 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, the issued share capital of the Group represented the share capital of the Company of 100 ordinary shares of HK$0.01 each.

(ii) Pursuant to the written resolution passed by the sole shareholder of the Company, Million Venture, dated 23 September 2016, 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, all of which shall rank pari passu in all respects with the existing shares.

(iii) On 7 October 2016, 150,000,000 ordinary shares of HK$0.01 each of the Company were issued at a price of HK$0.41 by way of placing. On the same date, the Company's shares were listed on the Stock Exchange. The proceeds of HK$1,500,000, representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$60,000,000, before issuing expenses, were credited to the share premium account.

(iv) Pursuant to the written resolution passed by the sole shareholder of the Company, Million Venture, dated 23 September 2016, 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 (the "**Capitalisation Issue**"), all of which shall rank pari passu in all respects with the existing shares. The Capitalisation Issue was completed on 7 October 2016.

11. CONTINGENT LIABILITIES

As at 31 December 2015, Janco Global Logistics had given 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, JFXL and Freight Concept had utilised the banking facilities to the extent of HK$1,579,000 and HK$473,000, respectively. Such corporate guarantees were released in April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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 general sales agents 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.

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 competitive strengths are key factors contributing to our success to date. The Directors believe that the competitive strengths as set out under the section headed "Business" in the prospectus of the Company dated 30 September 2016 (the "**Prospectus**") will continue to enhance our presence and increase our market share in the freight forwarding and logistics industries.

FINANCIAL REVIEW

Overview

Our revenue was predominately generated from our freight forwarding services. For the year ended 31 December 2015 ("**FY2015**") and 31 December 2016 ("**FY2016**"), our total revenue amounted to approximately HK$209.3 million and HK$220.9 million, respectively. Our profit attributable to the shareholders of the Company (the "**Shareholders**") amounted to approximately HK$13.6 million for FY2015, while our loss attributable to the Shareholders for FY2016 amounted to approximately HK$2.5 million which was primarily attributable to the non-recurring listing expenses incurred of approximately HK$16.4 million (2015: nil).

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$209.3 million and HK$220.9 million for FY2015 and FY2016, respectively. Our growth in total revenue from FY2015 to FY2016 was primarily attributable to the growth in revenue from our ocean freight forwarding and ancillary logistics services.

Revenue of the Group increased by approximately 5.5% from approximately HK$209.3 million for FY2015 to approximately HK$220.9 million for FY2016. The increase in revenue was contributed by the increase in revenue from ocean freight forwarding services, partially offset by the decrease in revenue from air freight forwarding services.

The decrease in revenue from air freight forwarding services was mainly due to the overall decrease in air freight charges resulting from the decrease in fuel price.

The increase in revenue from ocean freight forwarding services was mainly contributed by the increase in shipment volume from existing customers and new customers during FY2016.

Revenue from our ancillary logistics services increased for FY2016 mainly due to the increase in sales of our ancillary logistics services to our customers including a U.S. based major customer.

Cost of sales and gross profit

Cost of sales increased by approximately 1.5% from approximately HK$165.7 million for FY2015 to approximately HK$168.2 million for FY2016. The increase in cost of sales was mainly attributable to the increase in local handling and documentation charges and lease payments for our warehouses, partially offset by the decrease in freight charges resulting from the decrease in fuel price.

Gross profit increased by approximately 20.9% from approximately HK$43.6 million for FY2015 to approximately HK$52.7 million for FY2016. Gross profit margin increased from 20.8% for FY2015 to 23.9% for FY2016. The increase in gross profit and gross profit margin was mainly due to the increase in shipment volume and the decrease in cost of sea cargo spaces charged by our suppliers.

Other income

Our other income decreased by around 73.1% from approximately HK$26,000 for FY2015 to approximately HK$7,000 for FY2016, which mainly consisted of interest income from bank deposits and other sundry income.

Other gains and losses

Our other gains and losses decreased by around 179.2% from a gain approximately HK$96,000 for FY2015 to a loss of approximately HK$76,000 for FY2016, which mainly consisted of net exchange gains or losses and gain on disposal of property, plant and equipment.

Administrative expenses

Administrative expenses increased by approximately 29.6% from approximately HK$27.4 million for FY2015 to approximately HK$35.5 million for FY2016. The increase in administrative expenses was mainly due to the increase in our staff costs as a result of the increase in salary paid to our staff and the increase in the number of senior staff for FY2016.

Finance costs

Our finance costs represent interest expenses on overdraft and finance lease. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.28% to 5.50% per annum during FY2015 and FY2016.

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2015 and FY2016, respectively.

(Loss) profit and total comprehensive (expense) income attributable to owners

For FY2016, the Group recorded a loss attributable to owners of the Company of approximately HK$2.5 million as compared to a profit of approximately HK$13.6 million for FY2015. Such a loss was mainly due to the recognition of the one-off listing expenses of approximately HK$16.4 million during FY2016 (FY2015: HK$Nil). Excluding such one-off listing expenses, the Group would have recorded a profit attributable to owners of the Company of approximately HK$13.9 million for FY2016.

Liquidity and financial resources

The current ratio of the Group as at 31 December 2016 was 5.3 times as compared to that of 1.6 times as at 31 December 2015. The increase was mainly due to increase in cash at bank resulted from the net proceeds received from the Listing. As at 31 December 2016, the Group had total bank balances and cash of approximately HK$27.7 million (2015: HK$5.6 million). In addition, the Group had approximately HK$1 million obligations under finance lease as at 31 December 2016 (2015: HK$1 million). The gearing ratio, calculated based on the total obligations under finance lease divided by total equity at the end of the year and multiplied by 100%, stood at approximately 1.1% as at 31 December 2016 (2015: approximately 3.2%). The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The operating lease commitments of the Group were primarily related to the leases of its office premises and warehouses. The Group's operating lease commitments amounted to approximately HK$40.9 million as at 31 December 2016 (2015: approximately HK$14.4 million).

As at 31 December 2016, the Group did not have any material capital commitments (2015: Nil).

CAPITAL STRUCTURE

The shares were listed on the GEM on 7 October 2016 (the "**Listing Date**"). There has been no change in the Company's capital structure since the Listing. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 3 to this announcement.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

The Group has no charge on the Group's asset. Save as disclosed in note 11 to this announcement, the Group has no material contingent liabilities as at 31 December 2016 and as at 31 December 2015, respectively.

MATERIAL ACQUISITIONS AND DISPOSAL

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the Prospectus.

Save as aforesaid, during the year ended 31 December 2016, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

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 further developing our freight forwarding business, logistics business and further enhancing our sales and marketing effort to boost our sales performance.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group's revenue generating operations are mainly transacted in HK$ and USD, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed 108 (2015: 87) full time employees. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 December 2016 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used HK$3.0 million to further developing the Group's freight forwarding business by gaining new customers and new services for existing customers such as logistics service or freight forwarding services with new destinations.
Further developing the Group's logistics business	The Group has used HK$1.5 million for recruiting 4 relevant staff, purchase of computer equipments, warehouse renovation and to further developing the Group's logistics business by gaining new customers.
Further enhancing the Group sales and marketing effort	The Group has used HK$0.9 million for recruiting 3 senior level staff to cope with the business development.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for investment in its subsidiaries by the Company, the Group did not have any significant investments held as at 31 December 2016. Save as disclosed in the Prospectus or otherwise in this announcement, the Group does not have any plans for material investments or capital assets as at 31 December 2016.

USE OF PROCEEDS

The actual net proceeds from the Listing, after deducting the listing-related expenses, were approximately HK$37.4 million. The amount was lower than the estimated net proceeds of approximately HK$39.0 million as disclosed in the Prospectus. In the light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus.

After the Listing, a part of these net proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. The unused amount of the net proceeds from the Listing as at 31 December 2016 was approximately HK$31.6 million. In achieving the above business objectives, the Group has utilized the net proceeds from the Listing and its internal resources, and the Group might use both internal resources and net proceeds to finance its future plan in accordance with its use of proceeds schedule.

An analysis of the planned amount utilised up to 31 December 2016 is set out below:

	Adjusted use of actual net proceeds in the same manner and proportion as stated in the Prospectus up to 31 December 2016 *HK$ million*	**Actual utilised amount as at 31 December 2016** *HK$ million*	**Unutilised amount out of the planned amount as at 31 December 2016** *HK$ million*
Further developing the Group's freight forwarding business	3.0	3.0	–
Further developing the Group's logistics business	2.1	1.5	0.6 *(Note i)*
Further enhancing the Group's sales and marketing effort	0.9	0.9	–
General working capital or other corporate purposes	0.4	0.4	–
	6.4	5.8	0.6

Note i: The Group has used approximately HK$0.3 million to purchase a new truck and approximately HK$0.3 million for the rental of a new warehouse in the first quarter of 2017.

CORPORATE GOVERNANCE REPORT

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee, a nomination committee and a remuneration committee with specific written terms of reference. During the period from the Listing Date and up to the date of this announcement, the Company has complied with all the code provisions (other than provision A.2.1) of the CG Code.

CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Cheng being one of the co-founders of the Group and has been managing the Group's business and supervising over all strategic planning since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Cheng taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with 4 of them being independent non-executive Directors.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors from the Listing Date to 31 December 2016.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested all employees of the Company or director or employee of an subsidiary of the Company who, because of his office or employment in the Company or a subsidiary likely in possession of inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

COMPETING INTEREST

For the FY2016, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

During the period from the Listing Date to 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

No final dividend for the year ended 31 December 2016 is proposed by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**2017 AGM**") of the Company is scheduled to be held on Tuesday, 9 May 2017. A notice convening the 2017 AGM will be issued and despatched to the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 May 2017 to Tuesday, 9 May 2017 (both days inclusive) during which period no transfer of shares may be effected for the purpose of determining shareholders who are entitled to attend and vote at the 2017 AGM. In order to be eligible to attend and vote at the 2017 AGM, all transfer forms accompanied by the relevant share certificate(s) should be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 28 April 2017.

AUDIT COMMITTEE

The Company has established an Audit Committee on 23 September 2016, with written terms of reference in compliance with rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to review and supervise the financial reporting process, risk management and internal control system of the Group. The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Siu Wing Hay, Mr. Wong Yee Lut Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit. Mr. Siu Wing Hay is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2016 and is of the view that the preparation of such statements complied with the applicable accounting standards the GEM Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2016 and up to the date of this announcement.

Appreciation

On behalf of the Board, I would like to extend our sincere thanks to our Shareholders, business partners and customers for their utmost support to the Group. I would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By order of the Board
Janco Holdings Limited
Cheng Hon Yat
Chairman

Hong Kong, 20 March 2017

As at the date of this announcement, the executive Directors are Mr. Cheng Hon Yat, Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung; and the independent non-executive Directors are Mr. Siu Wing Hay, Mr. Wong Yee Lut Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website (www.hkexnews.hk) for 7 days from the date of this publication. This announcement will also be published on the website of the Company (www.jancofreight.com).