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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 2017

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 (collectively the "**Directors**" or individually a "**Director**") of Janco Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**", "**we**", "**our**" or "**us**") 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.*

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately HK$351.1 million for the year ended 31 December 2017 (2016: approximately HK$220.9 million), representing an increase of approximately 58.9% as compared with the year ended 31 December 2016.

- The profit and total comprehensive income of the Group is approximately HK$1.7 million for the year ended 31 December 2017, as compared with a loss and total comprehensive expense of approximately HK$2.5 million for the year ended 31 December 2016. Such a loss was mainly due to the recognition of the one-off listing expenses of approximately HK$16.4 million during the year ended 31 December 2016 (2017: HK$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 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 2017, together with the comparative figures for the year ended 31 December 2016. 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 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	*3*	**351,141**	220,928
Cost of sales		**(304,256)**	(168,218)
Gross profit		**46,885**	52,710
Other income		**79**	7
Other gains and losses, net		**(281)**	(76)
Administrative expenses		**(42,934)**	(35,525)
Listing expenses		**–**	(16,367)
Finance costs		**(482)**	(58)
Profit before taxation		**3,267**	691
Income tax expense	*4*	**(1,585)**	(3,214)
Profit (loss) and total comprehensive income (expense) for the year	*5*	**1,682**	(2,523)
Earnings (loss) per share — basic (HK cents)	*6*	**0.28**	(0.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**8,041**	7,076
Computer software		**330**	389
Interest in an associate		**–**	–
Rental deposits	8	**4,663**	5,397
		13,034	12,862
Current assets			
Inventories		**10,595**	–
Trade receivables	8	**93,100**	58,442
Other receivables, deposits and prepayments	8	**13,903**	6,709
Tax recoverable		**–**	233
Pledged bank deposits		**27,000**	–
Bank balances and cash		**6,979**	27,685
		151,577	93,069
Current liabilities			
Trade payables	9	**25,338**	10,881
Other payables and accruals	9	**2,963**	2,540
Bank borrowings — due within one year		**39,518**	–
Tax payable		**5,347**	3,795
Obligations under finance leases — due within one year		**728**	350
		73,894	17,566
Net current assets		**77,683**	75,503
Total assets less current liabilities		**90,717**	88,365
Non-current liabilities			
Obligations under finance leases — due after one year		**1,252**	615
Deferred tax liabilities		**811**	778
		2,063	1,393
		88,654	86,972
Capital and reserves			
Share capital	10	**6,000**	6,000
Reserves		**82,654**	80,972
Total equity		**88,654**	86,972

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital *HK$'000* *(note 10)*	Share premium *HK$'000*	Capital reserve *HK$'000* *(note i)*	Other reserve *HK$'000* *(note ii)*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2016	–	–	17,659	–	13,423	31,082
Loss and total comprehensive expense for the year	–	–	–	–	(2,523)	(2,523)
Deemed contribution by Mr. Cheng Hon Yat ("**Mr. Cheng**")	–	–	–	4,658	–	4,658
Issue of shares in the Placing (as defined in *note 1*) *(note 10(ii))*	1,500	60,000	–	–	–	61,500
Transaction costs directly attributable to issue of new shares in the Placing (as defined in *note 1*)	–	(7,745)	–	–	–	(7,745)
Capitalisation Issue of shares (as defined in *note 10(iii)*)	4,500	(4,500)	–	–	–	–
At 31 December 2016	6,000	47,755	17,659	4,658	10,900	86,972
Profit and total comprehensive income for the year	–	–	–	–	1,682	1,682
At 31 December 2017	6,000	47,755	17,659	4,658	12,582	88,654

Notes:

i. Capital reserve is comprised of (i) the profits derived from the provision of air and ocean freight forwarding services in Hong Kong prior to 1 July 2015 carried out by JFX Limited, a company previously wholly owned by Mr. Cheng before the transfer of such business to Janco Global Logistics Limited, a wholly owned subsidiary of the Group, as they legally belonged to JFX Limited 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 group reorganisation completed on 29 December 2015 and the nominal value of the Company's shares issued.

ii. Other reserve represented an amount due to Mr. Cheng, being the controlling shareholder of the Group and a director of the Company, amounting to HK$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in the year ended 31 December 2016.

NOTES:

For the year ended 31 December 2017

1. GENERAL

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 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM**") by way of placing (the "**Placing**") since 7 October 2016 (the "**Listing**"). Its immediate and ultimate holding company is Million Venture Holdings Limited ("**Million Venture**"), a company incorporated in the British Virgin Islands (the "**BVI**") and wholly owned by Mr. Cheng Hon Yat ("**Mr. Cheng**"), the controlling shareholder of the Group and a director of the Company.

The Company is an investment holding company.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**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.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

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

(iv) E-Commerce — trading of electronic products through online platform

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 2017

	Air Freight HK$'000	Ocean Freight HK$'000	Logistics HK$'000	E-Commerce HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue						
External sales	**105,281**	**108,952**	**52,789**	**84,119**	**–**	**351,141**
Inter-segment sales	**1,036**	**3,030**	**5,929**	**–**	**(9,995)**	**–**
	106,317	**111,982**	**58,718**	**84,119**	**(9,995)**	**351,141**
Segment results	**12,866**	**22,336**	**10,080**	**1,015**	**–**	**46,297**
Other income						**79**
Other gains and losses, net						**(281)**
Administrative expenses						**(42,346)**
Finance costs						**(482)**
Profit before taxation						**3,267**

For the year ended 31 December 2016

	Air Freight HK$'000	Ocean Freight HK$'000	Logistics HK$'000	Elimination HK$'000	Total 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, net					(76)
Administrative expenses					(28,635)
Listing expenses					(16,367)
Finance costs					(58)
Profit before taxation					691

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, net, 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 substantially located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2017 *HK$'000*	2016 *HK$'000*
Customer A — revenue generated in air freight, ocean freight and logistics segment	**38,311**	31,608
Customer B — revenue generated in air freight, ocean freight and logistics segment	**44,598**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. INCOME TAX EXPENSE

	2017 *HK$'000*	2016 *HK$'000*
Hong Kong Profits Tax:		
Current tax	**1,552**	2,864
Underprovision in prior year	**–**	185
	1,552	3,049
Deferred tax	**33**	165
	1,585	3,214

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

Under the Law of People's Republic of China ("**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for taxation in the PRC has been made as all the Group's income arises in Hong Kong.

5. PROFIT (LOSS) FOR THE YEAR

	2017 *HK$'000*	2016 *HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Directors' remuneration	**5,447**	4,631
Other staff costs:		
Salaries and other allowances	**36,955**	28,258
Retirement benefits scheme contributions	**1,183**	1,112
Total staff costs	**43,585**	34,001
Auditor's remuneration	**1,200**	1,400
Depreciation and amortisation	**2,629**	2,089
Cost of inventories recognised as an expense	**77,325**	–

6. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the years ended 31 December 2017 and 2016 is based on the profit for the year attributable to owners of the Company of HK$1,682,000 and loss for the year attributable to owners of the Company of HK$2,523,000, respectively.

The weighted average number of ordinary shares in issue for the years ended 31 December 2017 and 2016 are 600,000,000 and approximately 485,246,000, respectively, which are based on the assumption that the Capitalisation Issue (as defined in note 10(iii)) had been completed on 1 January 2016.

No diluted earnings (loss) 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

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**93,100**	58,442
Rental deposits	**6,662**	6,218
Other prepayments and deposits	**11,904**	5,888
Total trade and other receivables	**111,666**	70,548
Analysed as:		
Current assets:		
Trade receivables	**93,100**	58,442
Other receivables, prepayments and deposits	**13,903**	6,709
	107,003	65,151
Non-current assets:		
Rental deposits	**4,663**	5,397
	111,666	70,548

The Group allows a credit period ranging from 15 to 90 days (2016: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2016: N/A) to its e-commerce 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:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**32,403**	16,059
31 – 60 days	**29,413**	14,672
61 – 90 days	**11,993**	7,891
Over 90 days	**19,291**	19,820
	93,100	58,442

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. As at 31 December 2017, approximately 67% (2016: 59%) of the Group's trade receivables amounting to approximately HK$62,200,000 (2016: HK$34,655,000) are neither past due nor impaired since they have good credit quality with reference to the credit history of trade debtors, including default or delay in payments, subsequent settlements and ageing analysis of trade receivables.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately HK$30,900,000 (2016: HK$23,787,000), 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 can 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

	2017	2016
	HK$'000	*HK$'000*
31 – 60 days	**6,212**	528
61 – 90 days	**5,397**	3,439
Over 90 days	**19,291**	19,820
	30,900	23,787

9. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**25,338**	10,881
Other payables	**145**	–
Accruals and receipts in advance from customers	**2,818**	2,540
Total trade payables and other payables and accruals	**28,301**	13,421

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 dates, at the end of each reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**8,324**	6,563
31 – 60 days	**9,721**	1,647
61 – 90 days	**946**	315
Over 90 days	**6,347**	2,356
	25,338	10,881

As at 31 December 2017 and 2016, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

10. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2016	38,000,000	380,000
Increase in authorised share capital *(note i)*	1,462,000,000	14,620,000
At 31 December 2016 and 31 December 2017	1,500,000,000	15,000,000
Issued and fully paid:		
At 1 January 2016	100	1
Issue of new shares in the Placing *(note ii)*	150,000,000	1,500,000
Capitalisation Issue *(note iii)*	449,999,900	4,499,999
At 31 December 2016 and 31 December 2017	600,000,000	6,000,000
Balance presented in HK$'000		6,000

Notes:

(i) 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.

(ii) 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 in the 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.

(iii) 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.

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 (the "**GSA**") 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 years ended 31 December 2016 ("**FY2016**") and 31 December 2017 ("**FY2017**"), our total revenue amounted to approximately HK$220.9 million and HK$351.1 million, respectively. Our profit attributable to the shareholders of the Company (the "**Shareholders**") amounted to approximately HK$1.7 million for FY2017, 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$16.4 million (2017: HK$Nil).

Revenue

We generate revenue from the provision of our core freight forwarding services and our ancillary logistics services (including the newly developed E-Commerce business). 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$220.9 million and HK$351.1 million for FY2016 and FY2017, respectively, representing a growth of approximately 58.9%. Our growth in total revenue from FY2016 to FY2017 was primarily attributable to the growth in revenue from our air freight forwarding, ancillary logistics services and E-Commerce business.

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

Revenue from our ancillary logistics services increased for FY2017 mainly due to the increase in sales of our ancillary logistics services to our customers including a U.S. based major customer.

In FY2017, we have established E-Commerce business through Europe-based websites, which contributed approximately HK$84.1 million revenue for FY2017 (FY2016: HK$Nil).

Cost of Sales and Gross Profit

Cost of sales increased by approximately 80.9% from approximately HK$168.2 million for FY2016 to approximately HK$304.3 million for FY2017. The increase in cost of sales was mainly attributable to the increase in local handling and documentation charges, lease payments for our warehouses and increase in freight charges resulting from the increase in fuel price. In addition, our newly developed E-Commerce business also contributed to the increase in cost of sales in FY2017.

Gross profit decreased by approximately 11.0% from approximately HK$52.7 million for FY2016 to approximately HK$46.9 million for FY2017. Gross profit margin decreased from approximately 23.9% for FY2016 to approximately 13.4% for FY2017. The decrease in gross profit and gross profit margin was mainly due to the increase in shipment volume and the increase in cost of sea cargo spaces charged by our suppliers. In FY2017, our strategy to offer lower freight charges to two of our major customers as an incentive for them to place more orders with us, which also caused the gross profit and gross profit margin to decrease.

In addition, the gross profit margin for newly developed courier and E-Commerce business is lower than freight forwarding and logistics business, which is approximately 1.2%. Therefore, it contributed to the decrease in gross profit margin of the Group for FY2017.

Other income

Our other income increased by around 1,028.6% from approximately HK$7,000 for FY2016 to approximately HK$79,000 for FY2017, which mainly consisted of interest income from bank deposits and other sundry income.

Other gains and losses, net

Our other gains and losses, net increased by around 269.7% from a loss of approximately HK$76,000 for FY2016 to a loss of approximately HK$281,000 for FY2017, 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 20.9% from approximately HK$35.5 million for FY2016 to approximately HK$42.9 million for FY2017. 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 FY2017.

Finance costs

Our finance costs represent interest expenses on bank borrowings and finance lease. Our bank borrowings carry variable interest rate at Hong Kong Interbank Offered Rate plus a spread ranging from 2% to 2.5%. The range of effective interest rate on our bank borrowings is from 3.21% to 3.72%. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.28% to 6.12% per annum during FY2017 (FY2016: 3.28% to 5.50%).

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2016 and FY2017, respectively.

Profit (loss) and total comprehensive income (expense) attributable to owners

For FY2017, the Group recorded a profit attributable to owners of the Company of approximately HK$1.7 million as compared to a loss of approximately HK$2.5 million for FY2016. Such a loss was mainly due to the recognition of the one-off listing expenses of approximately HK$16.4 million during FY2016 (FY2017: HK$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 2017 was 2.1 times as compared to that of 5.3 times as at 31 December 2016. The decrease was mainly due to decrease in cash at bank which had been used for operation and business development. As at 31 December 2017, the Group had total bank balances and cash of approximately HK$7.0 million (2016: HK$27.7 million). In addition, the Group had approximately HK$2.0 million obligations under finance lease as at 31 December 2017 (2016: HK$1.0 million). The gearing ratio, calculated based on the total obligations under finance lease and bank borrowings divided by total equity at the end of the year and multiplied by 100%, stood at approximately 46.8% as at 31 December 2017 (2016: approximately 1.1%). 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$22.9 million as at 31 December 2017 (2016: HK$40.9 million).

As at 31 December 2017, the Group did not have any material capital commitments (2016: Nil).

CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on 7 October 2016 (the "**Listing**" and the "**Listing Date**", respectively). 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 assets and the Group has no material contingent liabilities as at 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSAL

During FY2017, the Group subscribed for 20 ordinary shares in a newly incorporated company in Hong Kong, which represents 20% equity interest in that company, at a total consideration of HK$20 for the purpose of expanding the Group's business. This investment is accounted for as an associate given the Group has a board seat in the company.

Save as disclosed above, during FY2017, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS

In the future, we will continue to expand our newly established e-commerce business through other Europe-based, Australia-based and the United States-based websites. In addition, we are also seeking opportunity to expand our GSA business and logistics business in Asia by negotiating with different airlines and locating different warehouses, respectively.

Expecting significant growth in e-commerce revenue in the future, we are constantly improving our selection of solutions to our customers. Our intention is to become a major logistics service provider across the region. We are also enhancing our capability and strengthening our last mile delivery transit time as well as simplifying our E-Commerce process to increase our efficiency. We will also continue to capture the growing opportunities arising from cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

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 2017, the Group employed 128 (2016: 108) 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 2017 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used HK$10.8 million to further develop 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$10.5 million for recruiting 33 relevant staff, purchase of computer equipments, warehouse renovation and to further developing the Group's logistics business including E-Commerce business by gaining new customers.
Further enhancing the Group sales and marketing effort	The Group has used HK$2.5 million for recruiting 16 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 2017. 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 2017.

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 2017 was approximately HK$12.4 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 2017 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 2017 *HK$ million*	Actual utilised amount as at 31 December 2017 *HK$ million*	Unutilised amount out of the planned amount as at 31 December 2017 *HK$ million*
Further developing the Group's freight forwarding business	10.8	10.8	–
Further developing the Group's logistics business	10.5	10.5	–
Further enhancing the Group's sales and marketing effort	2.5	2.5	–
General working capital or other corporate purposes	1.2	1.2	–
	25.0	25.0	–

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 interests 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 (the "**Audit Committee**"), a nomination committee (the "**Nomination Committee**") and a remuneration committee (the "**Remuneration Committee**") with specific written terms of reference. During the period from 1 January 2017 to 31 December 2017 (the "**Reporting Period**"), 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 Hon Yat ("**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 four 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 during the Reporting Period.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the 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 FY2017, 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 Reporting Period, 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 FY2017 is proposed by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**2018 AGM**") of the Company is scheduled to be held on Wednesday, 9 May 2018. A notice convening the 2018 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 Wednesday, 2 May 2018 to Wednesday, 9 May 2018 (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 2018 AGM. In order to be eligible to attend and vote at the 2018 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, 27 April 2018.

AUDIT COMMITTEE

The Company has established the 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 2017 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 2017 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at *www.jancofreight.com* and the GEM's website at *www.hkgem.com*. The 2017 annual report of the Company will be despatched to the Shareholders and available on the above websites.

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, 19 March 2018

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 GEM's website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company (www.jancofreight.com).