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 2018

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$366.8 million for the year ended 31 December 2018 (2017: approximately HK$351.1 million), representing an increase of approximately 4.5% as compared with the year ended 31 December 2017.

- The loss and total comprehensive expenses of the Group is approximately HK$25.0 million for the year ended 31 December 2018, as compared with a profit and total comprehensive income of approximately HK$1.7 million for the year ended 31 December 2017. Such a loss was mainly due to the decrease in profit margin for both freight forwarding and ancillary logistics business and increase in finance costs.

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 2018, together with the comparative figures for the year ended 31 December 2017. 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 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*4*	**366,802**	351,141
Cost of sales		**(342,675)**	(304,256)
Gross profit		**24,127**	46,885
Interest revenue		**1,524**	15
Other income		**4**	64
Other gains and losses, net		**(3,255)**	(281)
Administrative expenses		**(44,419)**	(42,934)
(Loss)/profit from operations		**(22,019)**	3,749
Finance costs		**(3,181)**	(482)
(Loss)/profit before tax		**(25,200)**	3,267
Income tax credit/(expense)	*5*	**196**	(1,585)
(Loss)/profit for the year	*6*	**(25,004)**	1,682
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**113**	–
Total comprehensive (expenses)/income for the year		**(24,891)**	1,682
(Loss)/earnings per share			
Basic and diluted (HK cents)	*8*	**(4.17)**	0.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**10,786**	8,041
Computer software		**278**	330
Deposits placed in life insurance policies	*9*	**106,468**	–
Interest in an associate		**–**	–
Rental deposits	*10*	**5,860**	4,663
		123,392	13,034
Current assets			
Inventories		**–**	10,595
Trade receivables	*10*	**107,115**	93,100
Other receivables, deposit and prepayments	*10*	**12,859**	13,903
Tax recoverable		**1,429**	–
Pledged bank deposits		**28,115**	27,000
Bank balance and cash		**6,338**	6,979
		155,856	151,577
Current liabilities			
Trade payables	*11*	**42,925**	25,338
Other payables and accruals	*11*	**6,524**	2,963
Contract liabilities		**472**	–
Bank borrowings and overdrafts		**163,045**	39,518
Tax payable		**–**	5,347
Obligations under finance leases		**807**	728
		213,773	73,894
Net current (liabilities)/assets		**(57,917)**	77,683
Total assets less current liabilities		**65,475**	90,717
Non-current liabilities			
Obligations under finance leases		**1,084**	1,252
Deferred tax liabilities		**628**	811
		1,712	2,063
NET ASSETS		**63,763**	88,654
Capital and reserves			
Share capital	*12*	**6,000**	6,000
Reserves		**57,763**	82,654
TOTAL EQUITY		**63,763**	88,654

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Share premium	Capital reserve	Other reserve	Translation reserve	Retained profits/ (Accumulated loss)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note i)	*(note ii)*			
At 1 January 2017	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
At 1 January 2018	**6,000**	**47,755**	**17,659**	**4,658**	**–**	**12,582**	**88,654**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**113**	**(25,004)**	**(24,891)**
At 31 December 2018	**6,000**	**47,755**	**17,659**	**4,658**	**113**	**(12,422)**	**63,763**

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 Hon Yat ("**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 former director of the Company, amounting to approximately 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 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under 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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. 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, the controlling shareholder of the Company (the "**Controlling Shareholder**").

2. GOING CONCERN BASIS

The Group incurred a loss of approximately HK$25,004,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net current liabilities of approximately HK$57,917,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. 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) Freight forwarding — provision of air and sea freight forwarding services

(ii) Logistics — provision of warehousing and other ancillary logistics services

(iii) E-Commerce — trading of electronic products through online platform and provision of fulfillment 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 and reportable segments:

Disaggregation of revenue from contracts with customers

	Freight Forwarding			**E-Commerce**			
	Air Freight	**Ocean Freight**	**Logistics**	**Trading**	**Fulfillment**	**Elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2018							
Segment revenue							
External sales	**132,111**	**96,882**	**76,616**	**24,490**	**36,703**	**–**	**366,802**
Inter-segment sales	**8,724**	**4,085**	**3,175**	**–**	**–**	**(15,984)**	**–**
	140,835	**100,967**	**79,791**	**24,490**	**36,703**	**(15,984)**	**366,802**
Segment results	**11,651**	**12,296**	**(320)**	**(501)**	**1,001**	**–**	**24,127**
Interest revenue							**1,524**
Other income							**4**
Other gains and losses, net							**(3,255)**
Administrative expenses							**(44,419)**
Finance costs							**(3,181)**
Loss before tax							**(25,200)**

	Freight Forwarding			E-Commerce			
	Air Freight	Ocean Freight	Logistics	Trading	Fulfillment	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2017							
Segment revenue							
External sales	88,885	108,952	52,789	84,119	16,396	–	351,141
Inter-segment sales	1,036	3,030	5,929	–	–	(9,995)	–
	89,921	111,982	58,718	84,119	16,396	(9,995)	351,141
Segment results	12,869	22,336	10,080	1,015	585	–	46,885
Interest revenue							15
Other income							64
Other gains and losses, net							(281)
Administrative expenses							(42,934)
Finance costs							(482)
Profit before tax							3,267

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.

Timing of revenue recognition

	Freight Forwarding			**E-Commerce**		
	Air Freight	**Ocean Freight**	**Logistics**	**Trading**	**Fulfillment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2018						
At a point in time	**–**	**–**	**–**	**24,490**	**–**	**24,490**
Overtime	**132,111**	**96,882**	**76,616**	**–**	**36,703**	**342,312**
	132,111	**96,882**	**76,616**	**24,490**	**36,703**	**366,802**
For the year ended 31 December 2017						
At a point in time	–	–	–	84,119	–	84,119
Overtime	88,885	108,952	52,789	–	16,396	267,022
	88,885	108,952	52,789	84,119	16,396	351,141

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:

	2018	2017
	HK$'000	*HK$'000*
Customer A		
— revenue generated in air freight, ocean freight and logistics segment	***17,185**	38,311
Customer B		
— revenue generated in air freight, ocean freight and logistics segment	***31,959**	44,598
Customer C		
— revenue generated in air freight, ocean freight and logistics segment	**39,578**	*26,721

* Revenue from the customer did not exceed 10% of total revenue in the respective year. The amount was shown for comparative purpose.

Air freight, ocean freight, logistics service and fulfillment services income

The Group provides air freight, ocean freight, logistics service and fulfillment services to the customers. Air freight, ocean freight, logistics service and fulfillment service incomes are recognised when the air freight, ocean freight, logistics services and fulfillment services income are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

E-commerce — trading of electronic products through online platform

The Group sells electronic products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 days.

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

5. INCOME TAX (CREDIT)/EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— current tax	**–**	1,552
— over provision for the previous year	**(13)**	–
	(13)	1,552
Deferred tax	**(183)**	33
	(196)	1,585

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. The amount provided for the year ended 31 December 2017 was calculated at 16.5% based on the assessable profit for that year.

Under the Law of People's Republic of China (the "**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.

The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(25,200)**	3,267
Tax at Hong Kong Profits Tax rate of 16.5%	**(4,158)**	539
Tax effect of income not taxable and expenses not deductible	**(212)**	735
Tax effect of tax loss not recognised	**4,228**	637
Tax effect of different rates of group entities operating in jurisdiction other than Hong Kong	**–**	(76)
Over-provision in prior years	**(13)**	–
Utilisation of tax losses previously not recognised	**(41)**	(190)
Tax relief	**–**	(60)
Income tax (credit)/expense	**(196)**	1,585

6. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year has been arrived at after charging the following:

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**700**	1,200
Depreciation and amortisation	**3,240**	2,629
Cost of inventories sold	**24,991**	77,325
Operating lease charges	**32,733**	23,389
Directors' remuneration	**5,546**	5,447
Other staff costs		
Salaries, bonus and allowances	**38,998**	36,955
Retirement benefits scheme contributions	**1,391**	1,183
Total staff costs	**45,935**	43,585

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. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2017: earnings) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$25,004,000 (2017: profit attributable to owners of the Company of approximately HK$1,682,000) and the weighted average number of ordinary shares of 600,000,000 (2017: 600,000,000) in issue during the year.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2018.

9. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	2018	2017
	HK$'000	*HK$'000*
Deposits placed for life insurance policies	**106,468**	–

Two deposits placed in life insurances policies amounting to approximately HK$100,000,000 and approximately US$644,000 respectively. The Group can terminate the policies at any time and receive cash refund based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payment plus accumulated interest earned and minus the expense charged at inception, the accumulated insurance charge and policy expense charge. A surrender charge would also be required if the withdrawal is made before the 5th policy year for the HK$ policy and 15th policy year for the US$ policy.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**107,115**	93,100
Rental deposits	**11,023**	6,662
Other prepayments and deposits	**7,696**	11,904
Total trade and other receivables	**125,834**	111,666
Analysed as:		
Current assets:		
Trade receivables	**107,115**	93,100
Other receivables, prepayments and deposits	**12,859**	13,903
	119,974	107,003
Non-current assets:		
Rental deposits	**5,860**	4,663
	125,834	111,666

The Group allows a credit period ranging from 15 to 90 days (2017: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2017: 30 days) 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:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**35,564**	32,403
31 to 60 days	**32,432**	29,413
61 to 90 days	**15,301**	11,993
Over 90 days	**23,818**	19,291
	107,115	93,100

Reconciliation of loss allowance for trade receivables

	2018	2017
	HK$'000	*HK$'000*
At 1 January	**–**	–
Increase in loss allowance for the year	**3,272**	–
At 31 December	**3,272**	–

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

	Current	**1–30 days past due**	**31–60 days past due**	**61–90 days past due**	**Over 90 days past due**	**Total**
At 31 December 2018						
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**30%**	
Receivable amount (HK$'000)	**67,679**	**20,005**	**8,839**	**3,087**	**10,777**	**110,387**
Loss allowance (HK$'000)	**–**	**–**	**–**	**–**	**(3,272)**	**(3,272)**
At 31 December 2017						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount (HK$'000)	61,385	815	6,212	5,397	19,291	93,100
Loss allowance (HK$'000)	–	–	–	–	–	–

11. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**42,925**	25,338
Other payables	**2,872**	145
Accruals	**3,652**	2,818
Total trade payables and other payables and accruals	**49,449**	28,301

The credit period on trade payables is 15 to 30 days.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**31,518**	8,324
31 to 60 days	**9,378**	9,721
61 to 90 days	**505**	946
Over 90 days	**1,524**	6,347
	42,925	25,338

As at 31 December 2018 and 2017, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

12. SHARE CAPITAL

	Number of Share	**Shares capital**
		HK$000
Authorised:		
Ordinary shares of HK$0.01 (2017: HK$0.01) each		
At 31 December 2017 and 2018	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK$0.01 (2017: HK$0.01) each		
At 31 December 2017 and 2018	600,000,000	6,000

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings and overdrafts and obligations under finance leases, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debts or redemption of existing debts.

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 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.

During the year, we are expanding our e-commerce business to capture the growing opportunities arising from the increasing demand derived from the increasing e-commerce volume to the United States, other European countries and cross-border logistics activities. In addition, we are also expanding our e-commerce and fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

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, logistics services, e-commerce and fulfillment services. For the years ended 31 December 2017 ("**FY2017**") and 31 December 2018 ("**FY2018**"), our total revenue amounted to approximately HK$351.1 million and HK$366.8 million, respectively. Our loss attributable to the shareholders of the Company (the "**Shareholders**") amounted to approximately HK$25.0 million for FY2018, while our profit attributable to the Shareholders for FY2017 amounted to approximately HK$1.7 million.

Revenue

We generate revenue from the provision of our core freight forwarding services and our ancillary logistics services (including 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$351.1 million and HK$366.8 million for FY2017 and FY2018, respectively. Our growth in total revenue from FY2017 to FY2018 was primarily attributable to the growth in revenue from our air freight forwarding and ancillary logistics services.

Revenue of the Group increased by approximately 4.5% from approximately HK$351.1 million for FY2017 to approximately HK$366.8 million for FY2018. The increase in revenue was mainly contributed by the increase in revenue from air freight forwarding services and logistics services by approximately HK$43.2 million and HK$23.8 million, respectively, partially offset by decrease in ocean freight forwarding services and E-commerce business by approximately HK$12.1 million and HK$39.3 million, respectively. The increase in revenue from air freight forwarding services was mainly attributable to the increase in shipment volume under the orders placed by our existing and new customers during FY2018. Revenue from our ancillary logistics services increased for FY2018 mainly due to the increase in sales of our ancillary logistics services to both our existing and new customers. The decrease in revenue from ocean freight forwarding services was mainly due to the decrease in freight charge to our customers and decrease in shipment volume in FY2018. On the other hand, we have established E-commerce business in FY2017, which contributed approximately HK$100.5 million to our revenue for FY2017 which comprised approximately HK$84.1 million from E-commerce trading business and approximately HK$16.4 million E-commerce fulfillment business, respectively. For FY2018, our E-commerce business contributed to our revenue by approximately HK$61.2 million which comprised approximately HK$24.5 million from E-commerce trading business and approximately HK$36.7 million E-commerce fulfillment business, respectively. For FY2018, we focused on E-commerce fulfillment business due to its higher profit margin when comparing with E-commerce trading business, which resulted in a decrease in revenue from overall E-commerce business.

Cost of Sales and Gross Profit

Cost of sales increased by approximately 12.6% from approximately HK$304.3 million for FY2017 to approximately HK$342.7 million for FY2018. The increase in cost of sales was mainly attributable to the increase in air freight costs of approximately HK$44.4 million and increase in cost of sales for the logistics services of approximately HK$34.2 million for FY2018. The increase in cost of sales for air freight forwarding services was mainly due to the increase in freight charges and local charges. The increase in cost of sales for ancillary logistic services was mainly attributable to the warehouse service charges payable under the warehouse service agreements in respect of three warehouses entered into during FY2018. Such increase was in line with the increase in our revenue from air freight forwarding services and logistics services. The increase in cost of sales was partially offset by decrease in cost of sales from ocean freight forwarding services and E-commerce trading business which was in line with decrease in our revenue from ocean freight forwarding services and E-commerce trading business.

Gross profit decreased by approximately 48.5% from approximately HK$46.9 million for FY2017 to approximately HK$24.1 million for FY2018. Gross profit margin decreased from approximately 13.4% for FY2017 to approximately 6.6% for FY2018. As the increase in the costs such as freight charges and local charges outweighed the increase in the revenue, there was a decrease in the gross profit for freight forwarding business. In addition, there was significant increase in the warehouse service charges when comparing with FY2017, which was mainly due to the warehouse service agreements entered into during FY2018.

Other income

Our other income decreased by around 93.8% from approximately HK$64,000 for FY2017 to approximately HK$4,000 for FY2018, which mainly consisted of other sundry income.

Other gains and losses, net

Our other gains and losses, net increased by around 1,058.4% from a loss approximately HK$281,000 for FY2017 to a loss of approximately HK$3.3 million for FY2018, which mainly consisted of allowance provision for trade receivables of approximately HK$3.3 million (2017: Nil).

Administrative expenses

Administrative expenses increased slightly by approximately 3.5% from approximately HK$42.9 million for FY2017 to approximately HK$44.4 million for FY2018. 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 for FY2018.

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 2.0% to 2.5%. The range of effective interest rate on our bank borrowings is from 3.26% to 3.83%. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.30% to 6.12% per annum during FY2018 (FY2017: 3.28% to 6.12%).

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2017 and FY2018, respectively.

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

For FY2018, the Group recorded a loss attributable to owners of the Company of approximately HK$25.0 million as compared to the profit attributable to owners of the Company of approximately HK$1.7 million for FY2017. The loss and total comprehensive expenses attributable to owners of the Company for FY2018 was mainly due to the decrease in profit margin for both freight forwarding and ancillary logistics business and increase in finance costs.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 December 2018 was 0.7 times as compared to that of 2.1 times as at 31 December 2017. The decrease was mainly due to decrease in cash at bank and increase in bank borrowings which had been used for operation and business development. As at 31 December 2018, the Group had total bank balances and cash of approximately HK$6.3 million (2017: HK$7.0 million). In addition, the Group had approximately HK$1.9 million obligations under finance lease as at 31 December 2018 (2017: HK$2.0 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 258.7% as at 31 December 2018 (2017: approximately 46.8%). 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$46.7 million as at 31 December 2018 (2017: approximately HK$22.9 million).

As at 31 December 2018, the Group did not have any material capital commitments (2017: HK$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 4 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 2018.

MATERIAL ACQUISITIONS AND DISPOSAL

During FY2018, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

UPDATE ON LISTING STATUS

Trading in the shares of the Company has been suspended at the request of the Company since 1 April 2019 as a result of the delay in publication of the financial results of the Group for FY2018 and will remain suspended until further notice.

The Company received a letter (the "**Letter**") from the Stock Exchange dated 9 May 2019, in which the Stock Exchange set out the following resumption guidance for the Company:

- publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications;
- announce the findings of an independent review of the Group's internal control system and the issues causing the delay in publication of the financial results of the Group (the "**Independent Review**") and take appropriate remedial actions; and
- announce all material information for shareholders and investors to appraise its position.

The Letter also states that the Company must remedy the issue(s) causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

As disclosed in the announcement of the Company dated 13 September 2019 (the "**Independent Review Announcement**"), the Company has disclosed the key findings of a draft report of the Independent Review conducted by Ernst & Young Advisory Services Limited ("**EY**"). The key findings and recommendations set out in the subsequent final report of the Independent Review dated 17 September 2019 are substantially identical to the key findings as stated in the Independent Review Announcement and there are no new findings or further recommendations in the final report. As potential deficiencies in the policies, procedures and controls of the Company were identified in the Independent Review, the Company has commenced the implementation of the necessary remedial measures as recommended by EY to address the issues identified. The Company and the Audit Committee agree with the key findings of the Independent Review and they are satisfied that the findings and recommendations of the Independent Review are sufficient and proper in addressing the issues causing the delay in publication of the financial results of the Group for FY2018. In this regard, the Company has engaged EY to conduct follow-up review of the remedial measures taken or to be taken by the Company. As at the date hereof, the follow-up review is still in progress. The Audit Committee will closely monitor the implementation of the recommendations and remedial actions as well as the follow-up review and the Company will make an announcement of the results of the follow-up review when it is completed.

In addition, to address the issues causing the delay in publication of the financial results of the Group for FY2018, the Group's auditor has performed a number of audit procedures as disclosed under the paragraph headed "Audit procedures relating to the issues causing the trading suspension of the Company" in this announcement.

The Company is taking appropriate steps to remedy the issues causing its trading suspension and will use its best endeavours to resume trading as soon as practicable. Further announcement(s) will be made by the Company as and when appropriate to keep the Shareholders and potential investors informed.

For details, please refer to the announcements of the Company dated 27 March 2019, 29 March 2019, 10 May 2019, 16 May 2019, 28 June 2019, 9 August 2019, 13 September 2019 and 30 September 2019, respectively (the "**Announcements**").

AUDIT PROCEDURES RELATING TO THE ISSUES CAUSING THE TRADING SUSPENSION OF THE COMPANY

Unless otherwise defined, the capitalised terms used under this paragraph shall have the same meanings as defined in the Announcements.

To address the issues causing the trading suspension of the Company (the "**Issues**"), the Group's auditor Zhonghui Anda CPA Limited ("**Zhonghui**") performed the following audit procedures:

— based on the human resources records of the Group provided to Zhonghui, Zhonghui have identified and held discussions with the personnel from the Group in order to understand and obtain information relevant to the Issues;

— obtained and analysed the documents of revenue cycle, financial reporting and freight cost, and policies and procedures in connection with the Issues;

— studied the results of electronic data review performed by EY;

— obtained the transaction data relevant to revenues and accounts receivables/payables relating to the Issues from the accounting ledgers;

— obtained and reviewed the underlying supporting documents relating to the Commission Transactions. In addition, Zhonghui have also re-performed the sample of 25 transactions with JFX and its affiliates which is selected by EY for detailed review, including but not limited to identifying the relevant parties who are responsible for the preparation, review and approvals of the selected samples, reasons for any related issuance and/or reversal of debit notes to JFX and its affiliates etc.;

— conducted face-to-face interviews with certain staff members including former staff members of the Group and staff member of Freight Concept Limited; and telephone interview with former staff member of the Group;

— performed background check for public source information of the relevant personnel and studied the results of background check performed by EY;

— reviewed the certified copy of register of directors and register of members of JFX;

— obtained the audit confirmations of JFX Holding Limited, Freight Concept Limited and its subsidiaries ("**JFX's Group**") to verify the balances due from/to JFX's Group as at 31 December 2018 and 2017 and the revenue and cost incurred by JFX's Group for the year ended 31 December 2018; and

— reviewed the Independent Review Report prepared by EY and check whether the Independent Review Report is consistent with the results of Zhonghui's audit procedures.

After performing the above audit procedures, Zhonghui concluded that there were no supporting documents to verify the commercial substance of the Commission Transactions and the corresponding accounts receivables. There were no valid underlying supporting documents relating to the Commission Transactions. Besides, JFX's Group rejected to recognise the Commission Transactions and the corresponding accounts receivables. The results were supported by the interview with staff member of Freight Concept Limited and the audit confirmations from JFX's Group.

Therefore, Zhonghui concluded there was no commercial substance of the Commission Transactions and agreed with the reversal of such transactions.

To ensure the true and fair view of the consolidated statement of financial position, Zhonghui have performed additional audit procedures as follows:

— performed analysis to identify any unusual transactions and patterns for the years ended 31 December 2017 and 2018. In particular, Zhonghui have considered whether there are any other unusual revenue transactions other than the Commission Transactions with no associated direct costs incurred; and

— increased the sample size with reference to the guidelines of the Hong Kong Institute of Certified Public Accountants for test of details including checking the supporting documents and public source information and audit confirmations on revenues and costs.

With the completion of the above with satisfactory results, Zhonghui are of the view that the consolidated statement of financial position was not misstated in respect of the Commission Transactions, and that the Commission Transactions do not affect the true and fair view of the consolidated statement of financial position.

The Company and the Audit Committee are both of the view that Zhonghui performed comprehensive and in-depth audit procedures in order to address the Issues. Other than information obtained from the Company, Zhonghui also obtained information provided by JFX's Group and information from public source when conducting its audit procedures. Based on the above, the Company and the Audit Committee agree with the procedures performed by Zhonghui above and consider these procedures to be sufficient to address the Issues.

FUTURE PLANS

In the future, we will continue to expand our e-commerce and fulfillment business. In addition, we are also seeking opportunities to expand our logistics business in Asia by locating different warehouses.

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 2018, the Group employed 129 (2017: 128) 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 2018 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used HK$15.7 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$15.7 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$4.1 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 2018. 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 2018.

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, the net proceeds were fully used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the planned amount utilised up to 31 December 2018 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 2018	Actual utilised amount as at 31 December 2018	Unutilised amount out of the planned amount as at 31 December 2018
	HK$ million	*HK$ million*	*HK$ million*
Further developing the Group's freight forwarding business	15.7	15.7	–
Further developing the Group's logistics business	15.7	15.7	–
Further enhancing the Group's sales and marketing effort	4.1	4.1	–
General working capital or other corporate purposes	1.9	1.9	–
	37.4	37.4	–

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 2018 to 31 December 2018 (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 roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ng Chin Hung ("**Mr. Ng**") is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Ng has been working in freight forwarding, logistics and supply chain industries for more than 35 years, the Board believes that it is in the best interest of the Group to have Mr. Ng 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 three 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 FY2018, 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 FY2018 is proposed by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**2019 AGM**") of the Company is scheduled to be held on Monday, 9 December 2019. A notice convening the 2019 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, 4 December 2019 to Monday, 9 December 2019 (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 2019 AGM. In order to be eligible to attend and vote at the 2019 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 3 December 2019.

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 three independent non-executive Directors, namely Mr. Lee Kwong Chak Bonnio, Mr. Pang Chung Fai Benny and Mr. Chan Fei Fei. Mr. Lee Kwong Chak Bonnio 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 2018 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 ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Zhonghui, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Zhonghui 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 Zhonghui on the preliminary announcement.

AUDIT OPINION FROM ZHONGHUI ANDA CPA LIMITED

Zhonghui have expressed an unqualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Material Uncertainty Relating To The Going Concern

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred a loss of HK$25,004,000 for the year ended 31 December 2018 and as at 31 December 2018, the Group had net current liabilities of HK$57,917,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENTS AFTER THE REPORTING PERIOD

The Company and Lego Corporate Finance Limited ("**Lego**") have mutually agreed to terminate the compliance adviser agreement and Lego has ceased to be the compliance adviser of the Company with effect from 12 April 2019. The Company has appointed Messis Capital Limited as the new compliance adviser of the Company with effect from 12 April 2019.

Zhonghui Anda CPA Limited was appointed as the auditors of the Company in place of Deloitte Touche Tohmatsu immediately following its removal on 10 June 2019 and to hold office until the conclusion of the 2019 AGM. A resolution for their re-appointment as auditors of the Company will be proposed at the 2019 AGM.

On 13 September 2019, Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit resigned as independent non-executive Directors. On 27 September 2019, Mr. Lee Kwong Chak, Bonnio, Mr. Pang Chung Fai, Benny and Mr. Chan Fei Fei have been appointed as independent non-executive Director.

On 4 October 2019, Mr. Cheng Hon Yat, Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung resigned as executive Directors, and Mr. Ng Chin Hung, Mr. Cheng Tak Yuen and Mr. Chan Chun Sing have been appointed as executive Directors.

Save as disclosed above and under the paragraphs headed "Update on Listing Status" and "Audit procedures relating to the issues causing the trading suspension of the Company" in this announcement, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2018 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 2018 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.

CONTINUED SUSPENSION OF TRADING OF SHARES

Trading in the Shares has been suspended since 9 a.m. on 1 April 2019 and will continue to be suspended until further notice.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Janco Holdings Limited
Ng Chin Hung
Chairman

Hong Kong, 31 October 2019

As at the date of this announcement, the executive Directors are Mr. Ng Chin Hung, Mr. Cheng Tak Yuen and Mr. Chan Chun Sing; and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnio, Mr. Pang Chung Fai Benny and Mr. Chan Fei Fei.

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).