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 2019

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$412.3 million for the year ended 31 December 2019 (2018: approximately HK$366.8 million), representing an increase of approximately 12.4% as compared with the year ended 31 December 2018.

- The total comprehensive expenses of the Group is approximately HK$18.0 million for the year ended 31 December 2019, as compared with a total comprehensive expenses of approximately HK$24.8 million for the year ended 31 December 2018. The decrease in total comprehensive expenses was mainly due to the increase in gross profit margin for E-commerce and logistics business for the year ended 31 December 2019.

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 2019, together with the comparative figures for the year ended 31 December 2018. 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 2019

	Notes	**2019** ***HK\$'000***	2018 *HK\$'000* (Restated)
Revenue	*4*	**412,319**	366,802
Cost of sales		**(379,331)**	(341,386)
Gross profit		**32,988**	25,416
Interest revenue		**3,797**	1,524
Other income		**55**	4
Other gains and losses, net		**(2,984)**	(3,255)
Administrative expenses		**(45,527)**	(44,030)
Loss from operations		**(11,671)**	(20,341)
Finance costs		**(7,036)**	(4,792)
Share of profits of joint venture		**114**	–
Loss before tax		**(18,593)**	(25,133)
Income tax credit	*5*	**593**	196
Loss for the year	*6*	**(18,000)**	(24,937)
Other comprehensive income after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**30**	113
Total comprehensive expenses for the year		**(17,970)**	(24,824)
Loss for the year attributable to:			
Owners of the Company		**(18,070)**	(24,937)
Non-controlling interests		**70**	–
		(18,000)	(24,937)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(18,040)**	(24,824)
Non-controlling interests		**70**	–
		(17,970)	(24,824)
Loss per share			
Basic and diluted (HK cents)	*8*	**(3.01)**	(4.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	As at 31 December 2019 HK$'000	As at 31 December 2018 HK$'000 (Restated)	As at 1 January 2018 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**12,042**	8,321	5,669
Computer software		**190**	278	330
Deposits placed in life insurance policies	9	**109,770**	106,468	–
Right-of-use assets		**48,904**	48,123	21,318
Interest in an associate	10	**–**	–	–
Interest in a joint venture	11	**154**	–	–
Goodwill		**61**	–	–
Rental deposits	12	**6,898**	5,860	4,663
		178,019	169,050	31,980
Current assets				
Inventories		**–**	–	10,595
Trade receivables	12	**84,076**	107,115	93,100
Other receivables, deposit and prepayments	12	**3,873**	12,859	13,903
Tax recoverable		**1,624**	1,429	–
Pledged bank deposits		**22,545**	28,115	27,000
Bank balance and cash		**3,973**	6,338	6,979
		116,091	155,856	151,577
Current liabilities				
Trade payables	13	**35,221**	42,925	25,338
Other payables and accruals	13	**7,560**	6,524	2,963
Due to the controlling shareholder		**8,746**	–	–
Due to non-controlling interests		**656**	–	–
Contract liabilities		**84**	472	–
Bank borrowings and overdrafts		**148,019**	163,045	39,518
Lease liabilities		**30,172**	30,932	14,811
Tax payable		**83**	–	5,347
		230,541	243,898	87,977
Net current (liabilities)/assets		**(114,450)**	(88,042)	63,600
Total assets less current liabilities		**63,569**	81,008	95,580

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2019

	Note	**As at 31 December 2019** *HK$'000*	As at 31 December 2018 *HK$'000* (Restated)	As at 1 January 2018 *HK$'000* (Restated)
Non-current liabilities				
Lease liabilities		**17,791**	16,920	6,485
Deferred tax liabilities		**97**	628	811
		17,888	17,548	7,296
NET ASSETS		**45,681**	63,460	88,284
Capital and reserves				
Share capital	*14*	**6,000**	6,000	6,000
Reserves		**39,420**	57,460	82,284
Equity attributable to owners of the Company		**45,420**	63,460	88,284
Non-controlling interests		**261**	–	–
TOTAL EQUITY		**45,681**	63,460	88,284

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* *(note i)*	Other reserve *HK$'000* *(note ii)*	Translation reserve *HK$'000*	Retained profits/ (Accumulated loss) *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2018, as previously stated	6,000	47,755	17,659	4,658	–	12,582	88,654	–	88,654
Retrospective restatement of HKFRS 16	–	–	–	–	–	(370)	(370)	–	(370)
At 1 January 2018, as restated	6,000	47,755	17,659	4,658	–	12,212	88,284	–	88,284
Loss and total comprehensive income/ (expenses) for the year, as restated	–	–	–	–	113	(24,937)	(24,824)	–	(24,824)
At 31 December 2018, as restated	6,000	47,755	17,659	4,658	113	(12,725)	63,460	–	63,460
At 1 January 2019, as previously stated	**6,000**	**47,755**	**17,659**	**4,658**	**113**	**(12,422)**	**63,763**	**–**	**63,763**
Retrospective restatement of HKFRS 16	**–**	**–**	**–**	**–**	**–**	**(303)**	**(303)**	**–**	**(303)**
At 1 January 2019, as restated	**6,000**	**47,755**	**17,659**	**4,658**	**113**	**(12,725)**	**63,460**	**–**	**63,460**
Loss and total comprehensive income/ (expenses) for the year	**–**	**–**	**–**	**–**	**30**	**(18,070)**	**(18,040)**	**70**	**(17,970)**
Establishment of a non-wholly-owned subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**191**	**191**
At 31 December 2019	**6,000**	**47,755**	**17,659**	**4,658**	**143**	**(30,795)**	**45,420**	**261**	**45,681**

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 the controlling shareholder of the Group, Mr. Cheng Hon Yat ("**Mr. Cheng**") before the transfer of such business to Janco Global Logistics Limited ("**Janco Global Logistics**"), 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, 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 2019

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. 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.

2. GOING CONCERN BASIS

The Group incurred a loss of approximately HK$18,000,000 for the year ended 31 December 2019 and as at 31 December 2019 the Group had net current liabilities of approximately HK$114,450,000. 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 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases."

HKFRS 16 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	31 December	1 January
	HK$'000	*HK$'000*
	2018	2018
At 31 December 2018:		
Decrease in property, plant and equipment	**2,465**	2,372
Increase in right-of-use assets	**48,123**	21,318
Increase in lease liabilities	**47,852**	21,296
Decrease in retained earnings	**303**	370
Decrease in obligations under finance leases	**1,891**	1,980
For the year ended 31 December 2018:		
Decrease in cost of sales	**1,289**	
Decrease in administrative expenses	**389**	
Increase in lease interests	**1,611**	
Decrease in loss for the year	**67**	
Decrease in loss per share		
— Basic and diluted (HK cents)	**0.01**	

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 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 freight 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 for 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 2019							
Segment revenue							
External sales	**114,736**	**103,877**	**111,583**	**–**	**82,123**	**–**	**412,319**
Inter-segment sales	**8,374**	**2,163**	**6,217**	**–**	**–**	**(16,754)**	**–**
	123,110	**106,040**	**117,800**	**–**	**82,123**	**(16,754)**	**412,319**
Segment results	**11,541**	**11,615**	**7,235**	**–**	**2,597**	**–**	**32,988**
Interest revenue							**3,797**
Other income							**55**
Other gains and losses, net							**(2,984)**
Administrative expenses							**(45,527)**
Share of profits of joint venture							**114**
Finance costs							**(7,036)**
Loss before tax							**(18,593)**
For the year ended 31 December 2018 (restated)							
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	969	(501)	1,001	–	25,416
Interest revenue							1,524
Other income							4
Other gains and losses, net							(3,255)
Administrative expenses							(44,030)
Finance costs							(4,792)
Loss before tax							(25,133)

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 2019						
Over time	**114,736**	**103,877**	**111,583**	**–**	**82,123**	**412,319**
For the year ended 31 December 2018						
At a point in time	–	–	–	24,490	–	24,490
Over time	132,111	96,882	76,616	–	36,703	342,312
	132,111	96,882	76,616	24,490	36,703	366,802

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:

	2019	2018
	HK$'000	*HK$'000*
Customer A		
— revenue generated in air freight, ocean freight and logistics segment	***37,104**	39,578
Customer B		
— revenue generated E-Commerce fulfillment segment	**58,736**	–

* 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 service income

The Group provides air freight, ocean freight, logistics service and fulfillment service income to the customers. Air freight, ocean freight, logistics fee and fulfillment service income are recognised when the air freight, ocean freight, logistics services and fulfillment service 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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— current tax	**40**	–
— over provision for the previous year	**–**	(13)
	40	(13)
Deferred tax	**(633)**	(183)
	(593)	(196)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for 2019. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for 2018.

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.

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:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Loss before tax	**(18,593)**	(25,133)
Tax at Hong Kong Profits Tax rate of 16.5%	**(3,068)**	(4,147)
Tax effect of income not taxable and expenses not deductible	**(779)**	(212)
Tax effect of tax loss not recognised	**3,344**	4,217
Over-provision in prior years	**–**	(13)
Utilisation of tax losses previously not recognised	**(90)**	(41)
Income tax credit	**(593)**	(196)

6. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Auditor's remuneration	**700**	700
Amortisation of computer software	**121**	146
Depreciation of property, plant and equipment	**3,323**	2,412
Depreciation of right of use assets	**40,559**	30,822
Cost of inventories sold	**–**	24,991
Directors' remuneration	**5,603**	5,546
Other staff costs		
Salaries, bonus and allowances	**41,060**	38,998
Retirement benefits scheme contributions	**1,637**	1,391
Total staff costs	**48,300**	45,935

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2018 and the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$18,070,000 (2018: approximately HK$24,937,000) and the weighted average number of ordinary shares of 600,000,000 (2018: 600,000,000) in issue during the year ended 31 December 2019.

Diluted loss per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares for the years ended 31 December 2019 and 2018.

9. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	2019	2018
	HK$'000	*HK$'000*
Deposits placed for life insurance policies	**109,770**	106,468

Two deposits placed in life insurances policies amounting to HK$100,000,000 ("**Insurance policy A**") and US$644,000 ("**Insurance policy B**") 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 Insurance policy A and 15th policy year for Insurance policy B.

10. INTEREST IN AN ASSOCIATE

During the year ended 31 December 2017, the Group subscribed for 20 ordinary shares in a newly incorporated company in Hong Kong, which represents 20% of equity interest in that company, at a cash consideration of HK$20 for the purpose of expanding the Group's freight forwarding business. This investment is accounted for as an associate given the Group has a board seat in the company. At the end of the reporting period and up to the date of issue of these consolidated financial statements, the associate remains inactive.

11. INTEREST IN A JOINT VENTURE

	2019	2018
	HK$'000	*HK$'000*
Unlisted investments in Hong Kong		
Share of net assets	**114**	–
Advance to a joint venture	**40**	–
	154	–

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**84,076**	107,115
Rental deposits	**7,541**	11,023
Other prepayments and deposits	**3,230**	7,696
Total trade and other receivables	**94,847**	125,834
Analysed as:		
Current assets:		
Trade receivables	**84,076**	107,115
Other receivables, prepayments and deposits	**3,873**	12,859
	87,949	119,974
Non-current assets:		
Rental deposits	**6,898**	5,860
	94,847	125,834

The Group allows a credit period ranging from 15 to 90 days (2018: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**41,164**	35,564
31 to 60 days	**18,064**	32,432
61 to 90 days	**7,102**	15,301
91 to 365 days	**17,157**	23,073
Over 365 days	**589**	745
	84,076	107,115

Reconciliation of loss allowance for trade receivables:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**3,272**	–
Increase in loss allowance for the year	**2,700**	3,272
At 31 December	**5,972**	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**	**91 days to 365 days past due**	**Over 365 days**	**Total**
At 31 December 2019							
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**6%**	**93%**	
Receivable amount (HK$'000)	**57,599**	**9,774**	**2,409**	**697**	**14,017**	**5,552**	**90,048**
Loss allowance (HK$'000)	**–**	**–**	**–**	**–**	**(808)**	**(5,164)**	**(5,972)**
At 31 December 2018							
Weighted average expected loss rate	0%	0%	0%	0%	0%	85%	
Receivable amount (HK$'000)	67,679	20,005	8,839	3,087	6,921	3,856	110,387
Loss allowance (HK$'000)	–	–	–	–	0	(3,272)	(3,272)

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**35,221**	42,925
Other payables	**2,019**	2,872
Accruals	**5,541**	3,652
Total trade payables and other payables and accruals	**42,781**	49,449

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.

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**21,844**	31,518
31 to 60 days	**9,022**	9,378
61 to 90 days	**2,117**	505
Over 90 days	**2,238**	1,524
	35,221	42,925

As at 31 December 2019 and 2018, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

14. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 (2018: HK$0.01) each		
At 31 December 2018 and 2019	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK$0.01 (2018: HK$0.01) each		
At 31 December 2018 and 2019	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, due to the controlling shareholder, due to non-controlling interests and leases liabilities respectively, 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.

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 logistics services primarily at our warehouses in response to the rising demand from our customers who require customised value-added logistics services. The logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. We integrate our 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 2018 ("**FY2018**") and 31 December 2019 ("**FY2019**"), our total revenue amounted to approximately HK$366.8 million and HK$412.3 million, respectively. Our loss attributable to the shareholders of the Company (the "**Shareholders**") amounted to approximately HK$18.1 million for FY2019, while our loss attributable to the Shareholders for FY2018 amounted to approximately HK$24.9 million.

Revenue

We generate revenue from the provision of our core freight forwarding services and our 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$366.8 million and HK$412.3 million for FY2018 and FY2019, respectively. Our growth in total revenue from FY2018 to FY2019 was primarily attributable to the growth in revenue from our E-commerce and logistics services.

Revenue of the Group increased by approximately 12.4% from approximately HK$366.8 million for FY2018 to approximately HK$412.3 million for FY2019. The increase in revenue was mainly contributed by the increase in revenue from E-commerce and logistics services by approximately HK$20.9 million and HK$35.0 million, respectively, partially offset by decrease in air freight forwarding business by approximately HK$17.4 million. The increase in revenue from E-commerce fulfillment was mainly attributable to the increase in shipment volume under the orders placed by our existing major customers during FY2019. Revenue from our logistics services increased for FY2019 mainly due to the increase in sales of our logistics services to both our existing and new customers. On the other hand, during FY2019, we focused on E-commerce fulfillment business due to its higher profit margin when comparing with E-commerce trading business.

Cost of sales increased by approximately 11.1% from approximately HK$341.4 million for FY2018 to approximately HK$379.3 million for FY2019. The increase in cost of sales was mainly contributed by increase in E-commerce business of approximately HK$18.8 million and increase in logistics business of approximately HK$28.7 million for FY2019 when comparing with FY2018. The increase in cost of sales for E-commerce business was mainly due to the increase in freight charges. The increase in cost of sales for logistic services was mainly attributable to the warehouse service charges in respect of three warehouses entered into during FY2018. Such increase was in line with the increase in our revenue from E-commerce business and logistics business.

Gross profit increased by approximately 29.9% from approximately HK$25.4 million for FY2018 to approximately HK$33.0 million for FY2019. Gross profit margin increased from approximately 6.9% for FY2018 to approximately 8.0% for FY2019. The increase in gross profit was mainly attributable to the increase in gross profit of E-commerce fulfillment business and logistics business from approximately HK$1.0 million and HK$1.0 million for FY2018 to approximately HK$2.6 million and HK$7.2 million for FY2019, respectively. The increase in gross profit margin was mainly attributable to the increase in gross profit margin of E-commerce fulfillment business and logistics business for FY2019 which are used to be our profitable segments.

Other gains and losses, net

Our other gains and losses, net decreased by around 9.1% from a loss approximately HK$3.3 million for FY2018 to a loss of approximately HK$3.0 million for FY2019, which mainly consisted of allowance provision for trade receivables of approximately HK$2.7 million (FY2018: HK$3.3 million).

Administrative expenses

Administrative expenses increased slightly by approximately 3.4% from approximately HK$44.0 million for FY2018 to approximately HK$45.5 million for FY2019. The increase in administrative expenses was mainly due to the increase in our legal and professional fees by approximately HK$3.1 million.

Finance costs

Our finance costs represent interest expenses on bank borrowings and finance lease. The range of effective interest rate on our bank borrowings is from 2.0% to 4.6%. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.3% to 6.1% per annum during FY2019 (FY2018: 3.3% to 6.1%). The Group raised the bank borrowings financing the deposits placed in life insurance policies in mid of 2018 and respective finance cost was charged for half year during FY2018 while it was charged for whole year during FY2019, which mainly contributed to the increase in finance costs.

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2018 and FY2019, respectively.

Loss and total comprehensive expenses attributable to owners

For FY2019, the Group recorded a loss attributable to owners of the Company of approximately HK$18.1 million as compared to the loss attributable to owners of the Company of approximately HK$24.9 million for FY2018. The decrease in loss and total comprehensive expenses was mainly due to the increase in gross profit margin for our E-commerce and logistics business for FY2019.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 December 2019 was 0.50 times as compared to that of 0.64 times as at 31 December 2018. The decrease was mainly due to decrease in trade receivables and deposits. As at 31 December 2019, the Group had total bank balances and cash of approximately HK$4.0 million (2018: approximately HK$6.3 million). The gearing ratio, calculated based on the total obligations under bank borrowings and overdrafts divided by total equity at the end of the year and multiplied by 100%, stood at approximately 324.0% as at 31 December 2019 (2018: approximately 256.9%). With available bank balances, cash and bank credit facilities and financial support of controlling Shareholder, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENT

As at 31 December 2019, the Group did not have any material capital commitment (2018: 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**"). 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

As at 31 December 2019, the Group had certain charges on assets which included (i) bank deposits of approximately HK$22.5 million and (ii) deposits placed in life insurance policies of approximately HK$109.8 million were pledged as collateral for the Group's bank borrowings and facilities.

The Group has no material contingent liabilities as at 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSAL

During FY2019, the Group acquired 100% of the issued share capital of Super Link Global Logistics Limited ("**Super Link**") through its 51% owned subsidiary — Applied Equity Limited (the "**Acquisition**") at a total consideration of HK$1,728,000, with effect from the completion of the Acquisition, the effective interest of the Group in Super Link was 51%. Super Link is a company established in Hong Kong, which is engaged in provision of local transportation services. Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures during FY2019.

RESUMPTION OF TRADING

Trading in the Shares was 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 the Stock Exchange issued a letter dated 9 May 2019 setting out the resumption guidance for the Company. The Company has taken appropriate steps to remedy the issues causing its trading suspension and has fulfilled the resumption guidance imposed by the Stock Exchange as at 27 November 2019. Thus, the Company made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange and trading has resumed with effect from 9:00 a.m. on 28 November 2019.

For details, please refer to the announcement of the Company dated 27 November 2019 in relation to the fulfilment of resumption guidance and resumption of trading.

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 2019, the Group employed 149 (2018: 129) 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.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for (a) investment in its subsidiaries by the Company; and (b) a life insurance policy as disclosed below, the Group did not have any significant investments held as at 31 December 2019. 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 2019.

Insurance policy

In July 2018, Janco Global Logistics, being a subsidiary of the Company, placed deposits amounting to HK$100.0 million in a life insurance policy (the "**China Taiping Insurance**") purchased from China Taiping Life Insurance (Hong Kong) Company Limited for the main purpose of obtaining banking facilities from a bank. The background and key terms of the China Taiping Insurance are set out in the Company's announcement dated 3 January 2020. The Company intends to hold the China Taiping Insurance until the date of maturity.

The following table sets forth the movement of the China Taiping Insurance during FY2019:

	Carrying amount as at 31 December 2018	**Disposal during the year**	**Addition during the year**	**Accrued interest earned during the year**	**Carrying amount as at 31 December 2019**	**Percentage to the Group's total assets as at 31 December 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
China Taiping Insurance	101,408	–	–	3,234	104,642	35.6%

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 2019 to 31 December 2019 (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 FY2019, 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 FY2019 is proposed by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**2020 AGM**") of the Company is scheduled to be held on Friday, 8 May 2020. A notice convening the 2020 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 Monday, 4 May 2020 to Friday, 8 May 2020 (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 2020 AGM. In order to be eligible to attend and vote at the 2020 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 Wednesday, 29 April 2020.

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 systems 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 FY2019 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 FY2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. ZHONGHUI ANDA CPA LIMITED ("**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 FY2019.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR FY2019

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 approximately HK$18,000,000 for FY2019 and as at 31 December 2019, the Group had net current liabilities of approximately HK$114,450,000. 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

Since January 2020, the outbreak of COVID-19 has an impact on the global business environment. Up to the date of this announcement, COVID-19 has not resulted in a material impact to the Group. Pending on the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions may have an impact on the future financial results of the Group. We will closely monitor the situation of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2019 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 2019 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
Ng Chin Hung
Chairman

Hong Kong, 24 March 2020

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.