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Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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\$569.0 million for the year ended 31 December 2021 (2020: approximately HK\$487.6 million), representing an increase of approximately 16.7% as compared with the year ended 31 December 2020.
- The profit for the year attributable to owners of the Company is approximately HK\$17.3 million for the year ended 31 December 2021 (2020: approximately HK\$11.2 million), representing an increase of approximately 54.5% as compared with the year ended 31 December 2020. The increase in profit for the year attributable to owners of the Company was mainly due to the increase in gross profit for E-commerce fulfillment and logistics business for the year ended 31 December 2021.

Reference is made to the preliminary announcement of the Company dated 25 March 2022 in relation to the unaudited annual results of the Company (together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**2021 Unaudited Annual Results Announcement**”).

The board of Directors (the “**Board**”) is pleased to announce that the Company has obtained the agreement from the Group’s auditor, Messrs. McM (HK) CPA Limited (“**Auditor**” or “**McM**”), on the audited consolidated results of the Group for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) as disclosed below.

There are no material differences between the unaudited annual results of the Company (as disclosed in the 2021 Unaudited Annual Results Announcement) and the 2021 Audited Annual Results.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2021 (the “**Year**” or “**FY2021**”), together with the comparative figures for the year ended 31 December 2020 (“**FY2020**”). 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 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	568,962	487,641
Cost of sales		(492,238)	(422,918)
Gross profit		76,724	64,723
Interest income		2,900	2,010
Other income		621	9,051
Other gains and losses, net		6,492	(2,328)
Administrative expenses		(58,515)	(42,257)
Impairment loss made on allowance for trade receivables		(2,175)	(11,320)
Share-based payment expenses		(619)	(493)
Profit from operations		25,428	19,386
Finance costs		(5,377)	(5,904)
Share of profit/(losses) of joint venture		192	(73)
Profit before tax		20,243	13,409
Income tax expense	5	(2,130)	(1,389)
Profit for the year	6	18,113	12,020
Other comprehensive income after tax: <i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		(206)	(564)
Total comprehensive income for the year		17,907	11,456

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		17,338	11,170
Non-controlling interests		775	850
		18,113	12,020
Total comprehensive income for the year attributable to:			
Owners of the Company		17,132	10,606
Non-controlling interests		775	850
		17,907	11,456
Earning per share	8		
Basic (HK cents)		2.89	1.86
Diluted (HK cents)		2.88	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		As at 31 December 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		11,389	9,247
Computer software		210	113
Deposits placed in life insurance policies	9	114,650	111,769
Right-of-use assets		47,834	24,646
Interest in an associate	10	–	–
Interest in a joint venture	11	816	624
Goodwill		61	61
Rental deposits	12	3,306	5,848
		<u>178,266</u>	<u>152,308</u>
Current assets			
Inventories		370	445
Trade receivables	12	129,761	114,800
Other receivables, deposit and prepayments	12	8,950	7,456
Tax recoverable		1,392	–
Pledged bank deposits		17,438	17,422
Bank balance and cash		14,913	8,225
		<u>172,824</u>	<u>148,348</u>
Current liabilities			
Trade payables	13	61,015	48,658
Other payables and accruals	13	28,906	21,975
Due to the controlling shareholder		–	3,246
Due to non-controlling interests		656	656
Contract liabilities		941	393
Bank borrowings		133,337	143,652
Lease liabilities		26,536	12,899
Tax payable		2,337	884
		<u>253,728</u>	<u>232,363</u>
Net current liabilities		<u>(80,904)</u>	<u>(84,015)</u>
Total assets less current liabilities		<u>97,362</u>	<u>68,293</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2021

		As at 31 December 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		20,426	9,976
Deferred tax liabilities		780	687
		<u>21,206</u>	<u>10,663</u>
NET ASSETS		<u>76,156</u>	<u>57,630</u>
Capital and reserves			
Share capital	<i>14</i>	6,000	6,000
Reserves		68,270	50,519
		<u>74,270</u>	<u>56,519</u>
Equity attributable to owners of the Company		1,886	1,111
Non-controlling interests		<u>76,156</u>	<u>57,630</u>
TOTAL EQUITY		<u>76,156</u>	<u>57,630</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Other reserve	Translation reserve	Share option reserve	Accumulated loss	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	6,000	47,755	17,659	4,658	143	–	(30,795)	45,420	261	45,681
Profit and total comprehensive income/ (expense) for the year	–	–	–	–	(564)	–	11,170	10,606	850	11,456
Establishment of a non-wholly-owned subsidiary (note iii)	–	–	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	–	–	493	–	493	–	493
At 31 December 2020	6,000	47,755	17,659	4,658	(421)	493	(19,625)	56,519	1,111	57,630
At 1 January 2021	6,000	47,755	17,659	4,658	(421)	493	(19,625)	56,519	1,111	57,630
Profit and total comprehensive income/(expense) for the year	–	–	–	–	(206)	–	17,338	17,132	775	17,907
Equity-settled share option arrangements	–	–	–	–	–	619	–	619	–	619
At 31 December 2021	6,000	47,755	17,659	4,658	(627)	1,112	(2,287)	74,270	1,886	76,156

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 former controlling shareholder of the Company, 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 former controlling shareholder of the Group and a former director of the Company, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in the year ended 31 December 2016.
- (iii) Nil amount presented as non-controlling interests at acquisition is less than HK\$1,000.

NOTES

For the year ended 31 December 2021

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 is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

2. GOING CONCERN BASIS

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group, in light of the fact that the Group recorded a net profit attributable to owners of the Company of approximately HK\$17,338,000 during the year ended 31 December 2021 and, as of that date, the Group’s incurred a net asset of approximately HK\$76,156,000 but net current liabilities of approximately HK\$80,904,000. Notwithstanding the above result, the consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group’s financial performance and liquidity position. The validity of the going concern basis depends upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due such that the Group can meet its future working capital and financing requirements. 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. The effect of these adjustments had not been reflected on these consolidated financial statements.

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

In the current year, the Group has adopted the following new and revised 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 2021 as mentioned below. 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.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phrase 2
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The adoption of the new and revised HKFRSs did not result in significant changes to the Group’s financial statements and amounts reported for the current year and prior years.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective which may be relevant to the Company:

Amendments to HKFRS 3	Business Combination — Reference to the Conceptual Framework ²
Amendments to HKAS 16	Property Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020 cycle ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Making Materiality Judgements — Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates ¹
Amendments to HKAS 12	Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ³

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 April 2021.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 freight and sea freight forwarding services
- (ii) Logistics — provision of warehousing and other ancillary logistics services
- (iii) E-Commerce — trading of consumables through an 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.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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	Ocean		Trading	Fulfillment	Elimination	Total
	Freight	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 2021							
Segment revenue							
External sales	184,756	109,746	95,767	307	178,386	–	568,962
Inter-segment sales	56,406	2,571	44,293	–	55,081	(158,351)	–
	<u>241,162</u>	<u>112,317</u>	<u>140,060</u>	<u>307</u>	<u>233,467</u>	<u>(158,351)</u>	<u>568,962</u>
Segment results	<u>20,834</u>	<u>10,648</u>	<u>25,433</u>	<u>22</u>	<u>19,787</u>	<u>–</u>	<u>76,724</u>
Interest income							2,900
Other income							621
Other gains and losses, net							6,492
Administrative expenses							(58,515)
Impairment loss made on allowance for trade receivables							(2,175)
Share-based payment expenses							(619)
Share of profit of joint venture							192
Finance costs							(5,377)
Profit before tax							<u>20,243</u>
For the year ended							
31 December 2020							
Segment revenue							
External sales	201,569	75,473	105,327	4,280	100,992	–	487,641
Inter-segment sales	44,338	2,866	16,172	–	33,237	(96,613)	–
	<u>245,907</u>	<u>78,339</u>	<u>121,499</u>	<u>4,280</u>	<u>134,229</u>	<u>(96,613)</u>	<u>487,641</u>
Segment results	<u>18,231</u>	<u>7,577</u>	<u>19,090</u>	<u>371</u>	<u>19,454</u>	<u>–</u>	<u>64,723</u>
Interest revenue							2,010
Other income							9,051
Other gains and losses, net							(2,328)
Administrative expenses							(42,257)
Impairment loss made on allowance for trade receivables							(11,320)
Share-based payment expenses							(493)
Share of losses of joint venture							(73)
Finance costs							(5,904)
Profit before tax							<u>13,409</u>

Segment results mainly represented profit before taxation earned by each segment without allocation of interest income, other income, other gains and losses, administrative expenses, impairment loss made on allowance for trade receivables, share-based payment expenses, share of results of joint venture 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	Ocean			
	Freight	Freight	Logistics	Trading	Fulfillment
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					Total
					HK\$'000
For the year ended 31 December 2021					
Contracts with customers within the scope of HKFRS 15					
At a point in time	–	–	–	307	–
Over time	<u>184,756</u>	<u>109,746</u>	<u>95,767</u>	<u>–</u>	<u>178,386</u>
					<u>568,655</u>
For the year ended 31 December 2020					
Contracts with customers within the scope of HKFRS 15					
At a point in time	–	–	–	4,280	–
Over time	<u>201,569</u>	<u>75,473</u>	<u>105,327</u>	<u>–</u>	<u>100,992</u>
					<u>483,361</u>

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:

	2021	2020
	HK\$'000	HK\$'000
Customer A		
— revenue generated in E-Commerce fulfillment segment	78,286	N/A*
Customer B		
— revenue generated in air freight, ocean freight and logistics segment	<u>73,946</u>	<u>72,951</u>

* Revenue from the customer did not exceed 10% of total revenue in the respective year.

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

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

E-commerce — trading of consumables through an online platform

The Group sells consumables to the customers. Sales are recognised at a point in time 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 right to consideration is unconditional because only the passage of time is required before the payment is due.

5. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
— current tax	2,013	882
— Under-provision/(over-provision) for the previous year	24	(83)
	2,037	799
Deferred tax	93	590
	<u>2,130</u>	<u>1,389</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for 2021 and 2020.

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.

6. PROFIT FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	798	660
Amortisation of computer software	85	77
Depreciation of property, plant and equipment	3,661	4,096
Depreciation of right-of-use assets	28,512	33,716
Cost of inventories sold	285	3,909
Allowance of inventory	40	—
Loss on disposal of property, plant and equipment	132	2,037
Directors' remuneration	6,591	4,122
Other staff costs		
Salaries, bonus and allowances	66,701	42,534
Retirement benefits scheme contributions	2,149	1,843
Equity-settled share option expenses	354	282
Total staff costs	<u>75,795</u>	<u>48,781</u>

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. EARNING PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>17,338</u>	<u>11,170</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	600,000,000	600,000,000
Effect of dilutive potential ordinary shares arising from share options issued by the Company	<u>1,574,773</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>601,574,773</u>	<u>600,000,000</u>

The share options have no dilution effect for year 2020 because the exercise price of those outstanding options was higher than the average market price for the shares.

9. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deposits placed in life insurance policies	<u>114,650</u>	<u>111,769</u>
Reconciliation of the movement for deposit placed in life insurance policies:		
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	111,769	109,770
Accrued interest earned during the year	2,881	2,010
Exchange realignment	<u>–</u>	<u>(11)</u>
At 31 December	<u>114,650</u>	<u>111,769</u>

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

The effective interest rate of Insurances policy A and Insurances policy B is 2.64% per annum and 1.31% per annum, respectively, which is determined on initial recognition by discounting the estimated future cash receipts over the expected life of policies of 15 years.

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 that company out of a total two directors in the board. 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

	2021 HK\$'000	2020 HK\$'000
Unlisted investments in Hong Kong		
Share of net assets	—	—
Advance to a joint venture	—	—
	<u>—</u>	<u>—</u>
	—	—
Unlisted investments overseas		
Share of net assets	816	624
Advance to a joint venture	—	—
	<u>816</u>	<u>624</u>
	<u>816</u>	<u>624</u>

Unlisted investments in Hong Kong

During the year ended 31 December 2020, the Group obtained control of one of the Group's existing joint venture in July 2020. Upon the completion of the acquisition, the sold investment in the joint venture was derecognised accordingly. Immediately prior to obtaining control, the Group recorded a share of loss on the joint venture of approximately HK\$154,000.

Unlisted investments overseas

As at the end of each reporting period, the unlisted investments in joint ventures represented the 70% equity interest in Janco E-commerce Solutions (USA) Inc ("JEC USA").

On 1 January 2020, Janco Global Logistics Ltd, a wholly-owned subsidiary of the Company, entered into an agreement with two individual third parties. Pursuant to the agreement, Janco Global Logistics was required to contribute USD70,000 (equivalent to approximately HK\$543,000) for 7,000 shares in JEC USA. On 1 January 2020, JEC USA was established. The Group holds 70% of the ordinary shares of JEC USA and controls 70% of the voting power in the general meeting. However, the decisions about the relevant activities of JEC USA should be unanimously approved by JEC USA and the other two venturers. Therefore, JEC USA is regarded as a joint venture of the Group. During the year ended 31 December 2021, the share of profit in JEC USA of approximately HK\$192,000 (2020: approximately HK\$81,000) was recognised in the share of profit from joint venture.

12. TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	145,956	128,820
Less: Allowance for trade receivables	(16,195)	(14,020)
	<u>129,761</u>	<u>114,800</u>
Rental deposits	7,987	7,968
Other prepayments and deposits	4,269	5,336
	<u>142,017</u>	<u>128,104</u>
Total trade and other receivables	<u>142,017</u>	<u>128,104</u>
Analysed as:		
Current assets:		
Trade receivables	129,761	114,800
Other receivables, prepayments and deposits	8,950	7,456
	<u>138,711</u>	<u>122,256</u>
Non-current assets:		
Rental deposits	3,306	5,848
	<u>142,017</u>	<u>128,104</u>

The Group allows a credit period ranging from 15 to 90 days (2020: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2020: 30 days) to its E-Commerce customers for its trade receivables.

The following is an ageing analysis of trade receivables (net of allowance) presented based on invoice dates, which approximate the revenue recognition dates, at the end of each reporting period:

	2021 HK\$'000	2020 HK\$'000
0 to 30 days	43,845	52,051
31 to 60 days	44,470	44,529
61 to 90 days	13,127	11,293
91 to 365 days	15,260	6,927
Over 365 days	13,059	—
	<u>129,761</u>	<u>114,800</u>

Reconciliation of loss allowance for trade receivables:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	14,020	5,972
Amounts written off during the year	–	(3,272)
Increase in loss allowance for the year	<u>2,175</u>	<u>11,320</u>
At 31 December	<u><u>16,195</u></u>	<u><u>14,020</u></u>

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 to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 days to 365 days past due	Over 365 days past due	Total
At 31 December 2021							
Weighted average expected loss rate	1%	2%	3%	10%	28%	89%	11%
Receivable amount (<i>HK\$'000</i>)	81,802	35,934	8,458	1,032	3,680	15,050	145,956
Loss allowance (<i>HK\$'000</i>)	(844)	(627)	(254)	(108)	(1,013)	(13,349)	(16,195)
At 31 December 2020							
Weighted average expected loss rate	0%	2%	4%	4%	10%	100%	11%
Receivable amount (<i>HK\$'000</i>)	80,144	25,087	5,942	1,345	3,326	12,976	128,820
Loss allowance (<i>HK\$'000</i>)	–	(397)	(250)	(53)	(344)	(12,976)	(14,020)

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>61,015</u>	<u>48,658</u>
Other payables	1,225	10,956
Provision for a claim	500	–
Accruals	<u>27,181</u>	<u>11,019</u>
	<u><u>28,906</u></u>	<u><u>21,975</u></u>
Total trade payables and other payables and accruals	<u><u>89,921</u></u>	<u><u>70,633</u></u>

In general, the credit period on trade payables is 15 to 30 days.

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
0 to 30 days	33,194	29,253
31 to 60 days	16,650	11,718
61 to 90 days	3,033	4,317
Over 90 days	8,138	3,370
	<u>61,015</u>	<u>48,658</u>

As at 31 December 2021 and 2020, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 (2020: HK\$0.01) each		
At 31 December 2020, 1 January 2021 and		
31 December 2021	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 (2020: HK\$0.01) each		
At 31 December 2020, 1 January 2021 and		
31 December 2021	<u>600,000,000</u>	<u>6,000</u>

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, due to the controlling shareholder and non-controlling interests and leases liabilities, 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.

	2021 HK\$'000	2020 HK\$'000
Total debt	180,955	170,429
Less: cash and cash equivalents	(14,913)	(8,225)
Net debt	166,042	162,204
Total equity	76,156	57,630
Debt-to-adjusted capital ratio	218%	281%

The decrease in the debt-to-adjusted capital ratio during the year ended 31 December 2021 resulted primarily from increase of cash and cash equivalents.

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares.

BUSINESS REVIEW

The Group has been developing earnestly in the Logistics Industry for over 30 years, founded in the year 1990 in Hong Kong. In the early years with the successful establishment in providing freight forwarding services to clients with needs in Air Freights and Sea Freights, this forms the forerunning core business of the Group. A gradual expansion drives the Group into providing the second arm in the logistics needs where ancillary warehousing was created. With solid support and market drives the third business unit in e-Commerce and Fulfillment business, engaging into product sourcing and distributing opportunities were also established in the recent three years.

The established core **Freight Forwarding Services**, always known as providing a one-stop service to clients and competitive co-loading industry partners over the years, makes Janco one of the important players in the industry. The provision in acquiring cargo spaces from Airline and Shipping Liner operators; cooperating GSA's — General Sales Agents, as well as freight forwarding partners, are the products and services we offer to customers, where we solve their needs in goods exporting from Hong Kong to worldwide destinations, by air and by sea. We are particularly successful in the Asian destinations for example, Bangladesh, Sri Lanka, and along the Mekong River countries of Thailand, Cambodia, and Vietnam. Additional revenue also comes from trading of the cargo spaces bought at shortage seasons to those cooperating freight forwarders in the market.

The second logistics business has been triggered by clients who import goods and products from overseas, for sales and distributions in Hong Kong and neighboring cities. It was a logical thinking to extend services after freight and cargo handling, to provide extension of **Logistics and Warehousing Services** to warehousing and custom-made processes, including storage, re-packaging, sorting, labelling, and palletizing. The next process that follows are local deliveries that require breakdown into optimum packages the customers would design, to serve the last mile of the logistics chain. The Logistics Services integrate perfectly with the Freight Forwarding Services and complimenting each other.

We have grown further into a new service area extending **e-Commerce Fulfillment** business from the year 2019. We have set up and been running a Fulfillment Service base on up-to-date mobile Apps to provide cross-border logistics activities, in response to the increasing demand for e-commerce from international clients in the USA, European countries, Canada and Australia. The operation successfully grows into providing procurement activities, local distribution and fulfillment services, for example for the much needed pharmaceutical and medical products.

With a successful and competitive experience since the 1990's in this mature and competitive service industry, Janco has set milestone of a steady growing company, with views to extend services and new business opportunities by utilizing the strengths and capabilities of the Group and its directors and business acquaintances. We are open to provide ourselves working with long term suppliers; customers from all sectors; network and technology providers; and to make the best use of our product portfolio and cargo knowledge to continue developing new and successful business for the Group.

FINANCIAL REVIEW

Overview

Our revenue was predominately generated from our freight forwarding services, logistics services, e-commerce and fulfillment services. For FY2020 and FY2021, our total revenue amounted to approximately HK\$487.6 million and HK\$569.0 million, respectively. Our profit attributable to owners of the Company (the “**Shareholders**”) amounted to approximately HK\$17.3 million for FY2021, while our profit attributable to the Shareholders for FY2020 amounted to approximately HK\$11.2 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.

Revenue of the Group increased by approximately 16.7% from approximately HK\$487.6 million for FY2020 to approximately HK\$569.0 million for FY2021. The increase in revenue was due to the increase in revenue generated from ocean freight forwarding services by approximately HK\$34.3 million and increase in revenue generated from e-commerce fulfillment services by approximately HK\$77.4 million, which was partially offset by decrease in revenue generated from air freight forwarding services by approximately HK\$16.8 million and decrease in revenue generated from ancillary logistics services by approximately HK\$9.6 million and decrease in revenue generated from e-commerce trading services by approximately HK\$4.0 million for FY2021.

The increase in revenue from ocean freight forwarding services for FY2021 was mainly due to a rebound of the shipment volume to normal after a significant drop due to COVID-19 during FY2020.

The increase in revenue from e-commerce fulfillment services was mainly contributed by the increase in orders placed by new customers and our existing customers during FY2021.

Cost of sales and gross profit

Cost of sales increased by approximately 16.4% from approximately HK\$422.9 million for FY2020 to approximately HK\$492.2 million for FY2021. The increase in cost of sales was mainly attributable to the increase in ocean freight costs of approximately HK\$31.2 million, and increase in e-commerce fulfillment services costs of approximately HK\$77.1 million, which was partially offset by the decrease in air freight forwarding costs of approximately HK\$19.4 million and the decrease in warehouse direct costs of approximately HK\$15.9 million for FY2021.

Gross profit increased by approximately 18.5% from approximately HK\$64.7 million for FY2020 to approximately HK\$76.7 million for FY2021. Gross profit margin slightly increased from approximately 13.3% for FY2020 to approximately 13.5% for FY2021.

The increase in gross profit was mainly attributable to the increase in e-commerce courier services income which outweighed the increase in e-commerce courier services costs and the decrease in warehouse direct costs which outweighed the decrease in logistics service income.

Other income

Other income decreased significantly by approximately HK\$8.5 million, or 93.4% from approximately HK\$9.1 million for FY2020 to approximately HK\$0.6 million for FY2021. The decrease in other income was mainly due to the absence of non-recurring government grant of HK\$8.3 million under the Employment Support Scheme provided by the Hong Kong SAR Government and recognized by the Group for FY2020.

Administrative expenses

Administrative expenses increased by approximately 38.3% from approximately HK\$42.3 million for FY2020 to approximately HK\$58.5 million for FY2021. The increase in administrative expenses was mainly due to the increase in senior management staff cost, the increase in provision of management incentive and IT application and enhancement expense of approximately HK\$2.4 million, HK\$2.0 million and HK\$1.6 million respectively.

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2020 and FY2021, respectively. The income tax expense of the Group for FY2021 was HK\$2.1 million (2020: income tax expense of HK\$1.4 million).

Profit attributable to owners

For FY2021, the Group recorded a profit attributable to owners of the Company of approximately HK\$17.3 million as compared to the profit attributable to owners of the Company of approximately HK\$11.2 million for FY2020. The increase in profit attributable to owners was mainly due to the increase in gross profit for our e-commerce fulfillment and logistics business for FY2021.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 December 2021 was 0.68 times as compared to that of 0.64 times as at 31 December 2020. The increase was mainly due to increase in trade receivables, deposits and bank balance and cash. As at 31 December 2021, the Group had total bank balances and cash of approximately HK\$14.9 million (2020: approximately HK\$8.2 million). The gearing ratio, calculated based on the total obligations under bank borrowings divided by total equity at the end of the year and multiplied by 100%, decreased to approximately 175.1% as at 31 December 2021 (2020: approximately 249.3%). With available bank balances, cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENT

As at 31 December 2021, the Group did not have any material capital commitment (2020: HK\$Nil).

CAPITAL STRUCTURE

There had been no change in the Company's capital structure during the Year. 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 the review, the Directors would 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 the consolidated financial statements in this announcement.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Group had certain charges on assets which included (i) bank deposits of approximately HK\$17.4 million and (ii) deposits placed in life insurance policies of approximately HK\$114.7 million pledged as collateral for the Group's bank borrowings and facilities.

The Group had no material contingent liabilities as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSAL

During the Year, the Group did not have any material acquisition and disposal of subsidiaries, associate and joint ventures during the Year.

FUTURE PLANS

The emerging technology and innovation applications have taken the Logistics Industry to ever challenging advances. The Group has taken steps in different stages developing appropriate products and services currently and for the near future. There are key products herewith described:

8035 Tennichi Active Water — for civilian hygiene and combating COVID-19. The Group invested in a proprietary conversion and packaging facilities to cater for the marketing and sales of 8035 Tennichi Active Water, which is already available in the market from spring 2022, and creating revenues to the Group.

Cold Chain Logistics — which is a high-end reliable temperature and environmental controlled movement and storage for pharmaceutical, comestible, and beauty care products. The solution and demand are hugely sought after, whereas the Group has started procuring the required technology.

Fintech Logistics — the Group has committed to establish a Logistical Funding Resources to be able to attach into new era of products, and to be prepared for Big Data Solutions; Artificial Intelligence Applications; and Blockchain Composites.

While being ready for the above, the Group is investing huge effort in further developing and securing a higher market share in the **e-Commerce and Fulfilment Services** division, where we see solid positive growth. Complementing the **Logistics and Warehousing Services**, we are always looking for investments into appropriate logistic hubs for the purpose. We are also constantly improving the selection of solutions, to cater for different needs, while improving efficiency and customer satisfaction ratings. Constant improvement and market attention will bring us to capture opportunities arising from cross border e-Commerce traffic from China and overseas; and this would be the cornerstone to build ourselves being the major Logistics Services Provider in the region.

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. As at 31 December 2021, the Group did not have any financial instruments for hedging purpose.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 188 (2020: 172) 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. The Group would conduct review on the remuneration package of the employees regularly.

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 2021. The Group did not have any plans for material investments or capital assets as at 31 December 2021.

Insurance Policy

In July 2018, Janco Global Logistics Limited, 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 FY2021:

	Carrying amount as at 31 December 2020 HK\$'000	Disposal during the year HK\$'000	Addition during the year HK\$'000	Accrued interest earned during the year HK\$'000	Carrying amount as at 31 December 2021 HK\$'000	Percentage to the Group's total assets as at 31 December 2021
China Taiping Insurance	106,555	–	–	2,813	109,368	31.1%

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 safeguarding 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 2021 to 31 December 2021 (the “**Reporting Period**”), the Company had complied with all the code provisions (other than code provisions C.2.1 and A.5.1) of the CG Code.

CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Ng Chin Hung (“**Mr. Ng**”) was the chairman of the Board and the chief executive officer (“**CEO**”) of the Company. In view of Mr. Ng has been working in freight forwarding, logistics and supply chain industries for more than 36 years, the Board believes that it is in the best interests of the Group to have Mr. Ng taking up both roles for effective management and business development of the Group. Further, 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 sufficient number of independent non-executive Directors. Accordingly, the Directors consider that the deviation from the CG Code provision C.2.1 is appropriate and acceptable in such circumstance.

With the separation of the roles of the Chairman (now being served by Mr. Po Kam Hi John) and CEO (continued to be served by Mr. Ng) with effect from 6 April 2022 (as announced by the Company in its announcement dated 6 April 2022), the Company has since complied with CG Code provision C.2.1.

CG Code provision A.5.1 stipulates that a listed issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. As announced in the Company's announcement dated 5 May 2021, following the resignation of two independent non-executive Directors (namely Mr. Pang Chung Fai, Benny and Mr. Chan Fei Fei) on 5 May 2021 due to their other personal and business commitments (the “**Resignation of INEDs**”), the Company was not in strict compliance with the CG Code provision A.5.1. The non-compliance was promptly remedied by the Company following the appointment of Mr. Yuen Ching Bor Stephen and Mr. Kwan Chi Hong (the “**New INEDs**”) as new independent non-executive Directors on 7 May 2021. The Directors consider that the Company's corporate governance and any functions of the Board or the Board committees had not been compromised or negatively affected given the very short period of deviation from the CG Code provision A.5.1.

NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF THE GEM LISTING RULES

Due to the Resignation of INEDs mentioned above, the Board had only one independent non-executive Director on 5 May 2021. As a result, the number of independent non-executive Directors fell below the minimum number required of the board of directors and of the audit committee of a listed issuer as required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. As disclosed above and following the appointment of the two New INEDs on 7 May 2021, the Company has since fully complied with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules accordingly.

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 Year.

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/her 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/she would be prohibited from dealing by the Model Code as if he/she were a Director.

COMPETING INTEREST

For FY2021, 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.

INTERESTS OF COMPLIANCE ADVISER

During the Year, Giraffe Capital Limited (“**Giraffe Capital**”) was appointed as the compliance adviser of the Company. Giraffe Capital has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Neither Giraffe Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material changes in respect of any other matters since the publication of the Company’s annual report for FY2020.

DIVIDEND

No dividend was paid or proposed for shareholders of the Company for FY2021 (2020: Nil), nor has any dividend been proposed since the end of the reporting period.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**2022 AGM**”) of the Company is scheduled to be held on Friday, 10 June 2022. A notice convening the 2022 AGM will be issued and despatched to the Shareholders according to the Articles of Association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 June 2022 to Friday, 10 June 2022 (both dates inclusive), the period during which no transfer of shares may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the 2022 AGM. In order to be eligible to attend and vote at the 2022 AGM, all transfer forms accompanied by the relevant share certificate(s) should be lodged for registration with the Company's branch share registrar and transfer office 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 Thursday, 2 June 2022.

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. Kwan Chi Hong and Mr. Leung Ka Kui Johnny. 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 FY2021 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 McM (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, McM (HK) CPA Limited ("McM"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by McM in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McM on the preliminary announcement.

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD

Changes in Directors and of Important executive functions and responsibilities of members of the Board

With effect from 15 March 2022, Mr. Po Kam Hi John and Mr. Tsang Zee Ho Paul have been appointed as non-executive Directors.

With effect from 6 April 2022, (i) Mr. Ng Chin Hung has ceased to serve as the Chairman of the Board; (ii) Mr. Po Kam Hi John has been appointed as the new Chairman of the Board; (iii) Mr. Tsang Zee Ho Paul has been re-designated from non-executive Director to executive Director and since then served as the new Chief Financial Officer (“CFO”) of the Company, the company secretary and authorised representative of the Company as required under Rule 24.05(2) of the GEM Listing Rules and under Part 16 of the Companies Ordinance; (iv) Mr. Cheng Hiu Tung Anthony’s position as CFO has been re-designated to Financial Controller of the Company; and (v) Mr. Chan Heung Wing Anthony has resigned as company secretary of the Company and ceased to serve as authorised representative of the Company under Rule 24.05(2) of the GEM Listing Rules and under Part 16 of the Companies Ordinance.

With effect from 20 April 2022, (i) Mr. Yuen Ching Bor Stephen has resigned as independent non-executive Director and ceased to serve as the chairman of the remuneration committee, a member of the audit committee and the nomination committee of the Company; and (ii) Mr. Leung Ka Kui Johnny has been appointed as the chairman of the remuneration committee and a member of the audit committee of the Company.

Litigations

On 17 February 2022, the Company received a Writ of Summons issued by Mr. Cheng Hon Yat (“**Mr. Cheng**”), who is a former controlling shareholder, former chairman and former director of the Company, in relation to a letter of indemnity and undertaking executed by the Company in his favour dated 17 June 2021. Mr. Cheng claims for specific performance regarding the release and discharge from certain mortgages of a property owned by him and charged as security for bank facilities granted to certain subsidiaries of the Company. The Company is seeking legal advice from its legal advisers and the Writ is not expected to have any material impact on the Group. Please refer to the Company’s announcement dated 21 February 2022.

On 21 April 2022, each of the two subsidiaries of the Company received a winding up petition by FC Bangladesh Limited under the respective action nos. HCCW 119/2022 and HCCW 118/2022 arising from the alleged failure to settle outstanding amounts under certain statements of accounts. Based on the legal advice of their legal advisers, the subsidiaries have good grounds to oppose the petitions against them. According to the Board, the petitions have no material impact on the business and normal operations of the Group. Please refer to the Company's announcement dated 22 April 2022.

Impact of the COVID-19 pandemic

The lingering of COVID-19 pandemic-related disruption continues to bring uncertainties in the global macroeconomic situation which may affect the Group's financial performance. Since the pandemic is a fluid and challenging situation facing all the industries globally, the degree of impact and the downside risks associated with it, such as tightened anti-pandemic measures, supply-chain challenges and inflationary pressure, could have far-reaching consequences on the recovery of the global economic activities. The Group will closely monitor the development of the pandemic and assess its impact on the financial position and operating results of the Group.

Other than the above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

APPRECIATION

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

By order of the Board
Janco Holdings Limited
Po Kam Hi John
Chairman

Hong Kong, 22 April 2022

As at the date of this announcement, the executive Directors are Mr. Ng Chin Hung (Chief Executive Officer), Mr. Cheng Tak Yuen, Mr. Cheng Hiu Tung Anthony and Mr. Tsang Zee Ho Paul; the non-executive Director is Mr. Po Kam Hi John (Chairman) and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnio, Mr. Kwan Chi Hong and Mr. Leung Ka Kui Johnny.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM’s website (www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website (www.jancofreight.com).

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.