

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 (the "**Directors**" or individually a "**Director**") of Janco Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**", "**we**", "**our**" or "**us**"). 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.*

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce that the unaudited financial results of the Group for the six months ended 30 June 2022 (the “**Period**”), together with the corresponding comparative figures, are as follows. The financial results have been approved by the Board.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	127,011	132,203	262,044	262,273
Cost of sales		(112,601)	(111,694)	(229,107)	(222,143)
Gross profit		14,410	20,509	32,937	40,130
Interest income		725	720	1,446	1,440
Other income		2,050	5	2,054	6
Other gains and losses, net		(144)	6,652	(144)	6,710
Administrative expenses		(17,061)	(16,459)	(30,094)	(28,771)
Impairment loss made on allowance for trade receivables		-	(463)	-	(588)
Share-based payment expenses		(65)	(225)	(144)	(457)
Finance costs		(1,303)	(1,478)	(2,493)	(2,764)
Share of loss of a joint venture		(189)	(310)	(372)	(410)
Profit/(loss) before taxation		(1,577)	8,951	3,190	15,296
Income tax credit/(expense)	5	133	(1,403)	(588)	(2,156)
Profit/(loss) for the period	6	(1,444)	7,548	2,602	13,140
Other comprehensive (expenses)/income after tax:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		-	(26)	(37)	(75)
Total comprehensive (expenses)/income for the period		(1,444)	7,522	2,565	13,065

		Three months ended 30 June		Six months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to:					
Owners of the Company		(827)	7,422	3,660	12,860
Non-controlling interests		(617)	126	(1,058)	280
		(1,444)	7,548	2,602	13,140
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(827)	7,396	3,623	12,785
Non-controlling interests		(617)	126	(1,058)	280
		(1,444)	7,522	2,565	13,065
(Loss)/earning per share					
— basic (HK cents)	8	(0.14)	1.24	0.61	2.14
(Loss)/earning per share					
— diluted (HK cents)	8	(0.14)	1.23	0.61	2.14

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	9	10,525	11,389
Computer software		207	210
Deposit placed in life insurance policies	10	116,091	114,650
Right-of-use assets		49,062	47,834
Financial asset at fair value through profit or loss ("FVTPL")		780	–
Interest in a joint venture		444	816
Goodwill		61	61
Rental deposits	11	3,409	3,306
		180,579	178,266
Current assets			
Inventories		351	370
Trade receivables	11	105,468	129,761
Other receivables, deposits and prepayments	11	14,963	8,950
Tax recoverable		1,392	1,392
Pledged bank deposits	12	17,442	17,438
Bank balances and cash		18,425	14,913
		158,041	172,824
Current liabilities			
Trade payables	13	47,370	61,015
Other payables and accruals	13	30,379	28,906
Amount due to non-controlling interests		656	656
Contract liabilities		959	941
Bank borrowing and overdrafts	14	128,080	133,337
Lease liabilities		27,248	26,536
Tax payable		2,936	2,337
		237,628	253,728
Net current liabilities		(79,587)	(80,904)
Total assets less current liabilities		100,992	97,362

		At	At
		30 June	31 December
		2022	2021
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Lease liabilities		21,358	20,426
Deferred tax liabilities		769	780
		22,127	21,206
NET ASSETS			
		78,865	76,156
Capital and reserves			
Share capital	15	6,000	6,000
Reserves		72,037	68,270
Equity attributable to owners of the Company		78,037	74,270
Non-controlling interests		828	1,886
TOTAL EQUITY			
		78,865	76,156

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium	Capital reserve	Other reserve	Translation reserve	Share Option reserve	Accumulated losses	Total	Non-controlling interest	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 2022 (audited)	6,000	47,755	17,659	4,658	(627)	1,112	(2,287)	74,270	1,886	76,156
Total comprehensive income for the period	-	-	-	-	(37)	-	3,660	3,623	(1,058)	2,565
Equity-settled share options arrangement	-	-	-	-	-	144	-	144	-	144
Lapse of share options	-	-	-	-	-	(170)	170	-	-	-
At 30 June 2022 (unaudited)	6,000	47,755	17,659	4,658	(664)	1,086	1,543	78,037	828	78,865
At 1 January 2021 (audited)	6,000	47,755	17,659	4,658	(421)	493	(19,625)	56,519	1,111	57,630
Total comprehensive income for the period	-	-	-	-	(75)	-	12,860	12,785	280	13,065
Equity-settled share options arrangement	-	-	-	-	-	457	-	457	-	457
At 30 June 2021 (unaudited)	6,000	47,755	17,659	4,658	(496)	950	(6,765)	69,761	1,391	71,152

Notes:

- (i) Capital reserve comprises (i) the profits derived from the provision of air and ocean freight forwarding services in the Hong Kong Special Administrative Region of the People's Republic of China (the "PRC") ("Hong Kong") prior to 1 July 2015 carried out by JFX Limited, a company previously wholly owned by the major shareholder of the Group, 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) The other reserve represented an amount due to Mr. Cheng, being a major shareholder of the Group, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended	
	30 June 2022 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	26,920	35,011
NET CASH USED IN INVESTING ACTIVITIES	(795)	(3,776)
NET CASH USED IN FINANCING ACTIVITIES	(24,156)	(25,355)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,969	5,880
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(37)	3
CASH AND CASH EQUIVALENTS AT 1 JANUARY	14,913	8,225
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	16,845	14,108
	<hr/>	<hr/>
Represented by:		
Bank balances and cash	18,425	14,108
Bank overdrafts	(1,580)	–
	<hr/>	<hr/>
	16,845	14,108
	<hr/>	<hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on GEM of the Stock Exchange by way of placing on 7 October 2016. The Company's registered office and the principal place of business are at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The principal activities of the Group are set out in Note 4.

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. GOING CONCERN BASIS

As at 30 June 2022, the Group had net current liabilities of approximately HK\$79,587,000. 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. The Directors have performed an assessment of the Group's future liquidity and cash flows, taking into account the short term adjustment on certain financial covenants in respect of bank borrowings, the Group's operating cash flows and available unutilised short-term banking facilities. The Directors consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared on the historical cost basis, except for financial assets at FVTPL which have been measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. 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 period and prior year.

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 HKFRS 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 ocean freight forwarding services |
| (ii) | Logistics | — | provision of warehousing and other ancillary logistics services |
| (iii) | E-Commerce | — | trading of products through online platform and provision of fulfillment services |

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Disaggregation of revenue from contracts with customers:

For the six months ended 30 June 2022 (unaudited)

	Freight forwarding			E-Commerce			Total HK\$'000
	Air Freight HK\$'000	Ocean Freight HK\$'000	Logistics HK\$'000	Trading HK\$'000	Fulfillment HK\$'000	Elimination HK\$'000	
Segment revenue							
External sales	78,308	63,463	60,223	70	59,980	-	262,044
Inter-segment sales	1,749	867	26,915	-	5,586	(35,117)	-
	80,057	64,330	87,138	70	65,566	(35,117)	262,044
Segment results	5,999	12,003	10,845	(24)	4,114	-	32,937
Interest income							1,446
Other income							2,054
Other gains and losses, net							(144)
Administrative expenses							(30,094)
Share-based payment expenses							(144)
Finance costs							(2,493)
Share of loss of a joint venture							(372)
Profit before taxation							3,190

For the six months ended 30 June 2021 (unaudited)

	Freight forwarding			E-Commerce			Total HK\$'000
	Air Freight HK\$'000	Ocean Freight HK\$'000	Logistics HK\$'000	Trading HK\$'000	Fulfillment HK\$'000	Elimination HK\$'000	
Segment revenue							
External sales	76,504	56,965	53,926	263	74,615	-	262,273
Inter-segment sales	27,678	1,336	11,437	-	45,902	(86,353)	-
	104,182	58,301	65,363	263	120,517	(86,353)	262,273
Segment results	4,130	8,068	12,556	35	15,341	-	40,130
Interest income							1,440
Other income							6
Other gains and losses, net							6,710
Administrative expenses							(28,771)
Impairment loss made on allowance for trade receivables							(588)
Share-based payment expenses							(457)
Finance costs							(2,764)
Share of loss of a joint venture							(410)
Profit before taxation							15,296

Segment results mainly represented profit earned (loss incurred) by each segment without allocation of other income, other gains and losses, certain administrative expenses, finance costs and share of loss of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Timing of revenue recognition

	Freight forwarding		Logistics <i>HK\$'000</i>	E-Commerce		Total <i>HK\$'000</i>
	Air Freight <i>HK\$'000</i>	Ocean Freight <i>HK\$'000</i>		Trading <i>HK\$'000</i>	Fulfillment <i>HK\$'000</i>	
For the six months ended 30 June 2022 (unaudited)						
At a point in time	-	-	-	70	-	70
Overtime	78,308	63,463	60,223	-	59,980	261,974
	78,308	63,463	60,223	70	59,980	262,044
For the six months ended 30 June 2021 (unaudited)						
At a point in time	-	-	-	263	-	263
Overtime	76,504	56,965	53,926	-	74,615	262,010
	76,504	56,965	53,926	263	74,615	262,273

5. INCOME TAX EXPENSE

	Six months ended	
	30 June 2022 <i>HK\$'000</i> (unaudited)	30 June 2021 <i>HK\$'000</i> (unaudited)
Hong Kong Profits Tax:		
Current tax	588	2,156

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

6. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended	
	30 June 2022 <i>HK\$'000</i> (unaudited)	30 June 2021 <i>HK\$'000</i> (unaudited)
Profit/(loss) for the period has been arrived at after charging:		
Amortisation of computer software	46	36
Depreciation of property, plant and equipment	2,876	1,813
Depreciation of right-of-use assets	15,277	18,689
Directors' remuneration	3,698	3,533
Other staff costs		
Salaries, bonus and allowances	28,923	26,045
Retirement benefits scheme contributions	1,101	1,043
Equity-settled share option expenses	66	261
Total staff costs	33,788	30,882

7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2022. The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2022.

8. (LOSS)/EARNING PER SHARE

The calculation of basic (loss)/earning per share for the relevant periods is based on the unaudited (loss)/profit attributable to owners of the Company for the relevant periods and on 600,000,000 (2021: 600,000,000) shares in issue during the relevant periods.

For the six months ended 30 June 2022, the share options have no dilution effect because the exercise price of those outstanding options was higher than the average market price for the shares.

The calculation of the diluted earnings per share amount is based on the unaudited consolidated profit for the six months ended 30 June 2021 attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of the share option scheme of the Company (the "Share Option Scheme").

	Three months ended 30 June		Six months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Earnings				
Profit/(loss) attributable to owners of the Company, used in the basic earnings per share calculation	(827)	7,422	3,660	12,860

	Number of shares		Number of shares	
	2022	2021	2022	2021
Shares				
Weighted average number of shares during the period, used in the basic earnings per share calculation	600,000,000	600,000,000	600,000,000	600,000,000
Effect of dilution — weighted average number of shares:				
Share option	-	2,883,892	-	1,709,104
	600,000,000	602,883,892	600,000,000	601,709,104

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$2,056,000 (2021: HK\$4,022,000).

10. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Deposits placed in life insurance policies	116,091	114,650

Reconciliation of the movement for deposit in life insurance policies:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
At 1 January	114,650	111,769
Accrued interest earned during the period	1,441	2,881
At 30 June	116,091	114,650

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

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade receivables	105,468	129,761
Rental deposits	8,530	7,987
Other receivables, deposits and prepayments	9,842	4,269
	<hr/>	<hr/>
Total trade and other receivables	123,840	142,017
	<hr/>	<hr/>
Analysed as:		
Current assets:		
Trade receivables	105,468	129,761
Other receivables, prepayments and deposits	14,963	8,950
	<hr/>	<hr/>
	120,431	138,711
	<hr/>	<hr/>
Non-current assets:		
Rental deposits	3,409	3,306
	<hr/>	<hr/>
	123,840	142,017
	<hr/>	<hr/>

The Group allows a credit period ranging from 15 to 90 days (2021: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2021: 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:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
0–30 days	32,546	43,845
31–60 days	18,206	44,470
61–90 days	9,564	13,127
91–365 days	39,914	15,260
Over 365 days	5,238	13,059
	<hr/>	<hr/>
	105,468	129,761
	<hr/>	<hr/>

12. PLEDGED BANK DEPOSITS

As at 30 June 2022, the pledged bank deposits represented deposits pledged to banks to secure certain short-term banking facilities granted to the Group and were therefore classified as current assets. The pledged bank deposits would be released upon the settlement of the relevant bank borrowings. The pledged bank deposits carry fixed interest at rates of 0.05% per annum.

13. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade payables	47,370	61,015
Other payables	1,234	1,225
Provision for a claim	500	500
Accruals	28,645	27,181
	30,379	28,906
Total trade payables and other payables and accruals	77,749	89,921

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

The following is an aged analysis of trade payables, presented based on the invoice dates, at the end of each reporting period:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
0–30 days	18,663	33,194
31–60 days	2,641	16,650
61–90 days	6,784	3,033
Over 90 days	19,282	8,138
	47,370	61,015

As at 30 June 2022 and 31 December 2021, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

14. BANK BORROWING AND OVERDRAFTS

During the six months ended 30 June 2022, the Group had drawn down new bank borrowing amounting to HK\$5,500,000 (six months ended 30 June 2021: HK\$15,691,000) which carries variable market interest rates ranging from 2.56% to 4.19% per annum.

15. SHARE CAPITAL

	Number of ordinary Shares	Amount HK\$
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 31 December 2021 and 30 June 2022	1,500,000,000	15,000,000
Issued and fully paid:		
At 31 December 2021 and 30 June 2022	600,000,000	6,000,000
Balance presented in HK\$'000		6,000

16. RELATED PARTY TRANSACTIONS

Summary of significant related party transactions

The following is a summary of significant related party transactions, which were carried out in the normal course of the Group's business:

		Six months ended	
	Notes	30 June 2022 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (unaudited)
Service fee income in respect of provision of freight forwarding services to a joint venture	(i)	1,653	827
Service fee expenses in respect of provision of local delivery services from a joint venture	(ii)	92	70

Notes:

- (i) Freight forwarding services were provided by Janco Global Logistics, indirectly wholly-owned subsidiaries of the Company, to Janco E-Commerce Solutions (USA) Inc., a joint venture of the Group, at prices mutually agreed by both parties.
- (ii) Local delivery services were provided to Janco Global Logistics from Janco E-Commerce Solutions (USA) Inc. for this year. Last year, local delivery services were provided to Janco Global Logistics, Janco Logistics (HK) Limited, Janco E-Commerce Solutions Limited, indirectly wholly-owned subsidiaries of the Company, from Janco E-Commerce Solutions (USA) Inc.. The services were changed at prices mutually agreed by both parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was founded in 1990 in Hong Kong and has been developing earnestly in the logistics industry. As a well established freight forwarding and logistics one-stop service provider, provision of freight forwarding services forms our core business. We purchase cargo space from airlines, shipping liners, general sales agents (“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 is direct shipper customers, where we solve their needs by exporting their goods from Hong Kong to worldwide destinations through provision of air freight and ocean freight services. We are particularly successful in destinations in Asia, such as Bangladesh, Sri Lanka, and alongside the Mekong River countries, such as Thailand, Cambodia and Vietnam. During the Period, the Group’s freight forwarding services (including air freight and ocean freight forwarding services) accounted for over 50% of the total revenue in aggregate.

On top of our core freight forwarding services, we strategically offer ancillary logistics services primarily at our warehouses in response to the rising demand from our customers who require customised value-added logistics services. The ancillary logistics services we offer include warehousing, repacking, labelling, palletising and local delivery within Hong Kong. We integrate our ancillary logistics services into our core freight forwarding services to strategically create a distinct corporate identity among our shipper customers.

From 2019, we have further developed into the provision of E-Commerce fulfillment services. We have set up and have been running a fulfillment service based on up-to-date mobile applications to provide cross-border logistics activities in response to the increasing demand for E-Commerce from international clients in the United States of America, European countries, Canada and Australia. Such operation successfully grows into providing procurement activities, local distribution and fulfillment services, for example, for the much needed pharmaceutical and medical products.

With its successful and competitive experience in the logistics industry since 1990s, the Group has steadily developed, with a view to extend its services and capture new business opportunities by utilising the strengths and capabilities of the Group and its business acquaintances. We are striven to consolidate our relationships with our long term suppliers, customers from all sectors, as well as network and technology providers with our comprehensive product portfolios and cargo knowledge to continue to develop new and successful business for the Group.

FUTURE PLANS

Technological advancements and innovation applications have transformed the landscape of the logistics industry. As such, the Group has been taking steps to gradually and actively develop suitable products and services so as to adapt to the evolving technology. The future directions of the Group include:

Cold Chain Logistics — a high-end reliable temperature-controlled technology and process which allows transportation and storage for pharmaceutical, food, and skincare products. The Group has started procuring for the required technology.

Fintech Logistics — the Group is committed to establish a set of logistical funding resources to provide flexibility and capability for new-age brands to venture into international markets while utilising big data solutions, artificial intelligence applications and blockchain composites.

While being ready for the above, the Group will continue to invest huge effort to further develop and secure a higher market share in the E-Commerce and fulfilment services segment, where we see positive growth. Complementing the warehousing and other ancillary logistics services, we always look for investments opportunities in the appropriate logistic hubs. We are also constantly improving the selection of solutions to cater for different customers' needs, while improving efficiency and customer satisfaction ratings. Constant improvement in the Group's business and market attention will enable us to capture opportunities arising from the cross border E-Commerce traffic from the PRC and overseas; and this would be the cornerstone to build ourselves to be the major logistics services provider in the region.

FINANCIAL REVIEW

Revenue

Revenue of the Group maintained at approximately HK\$262.0 million for the Period as compared to that of approximately HK\$262.3 million for the six months ended 30 June 2021. For the Period, revenue generated from ocean freight forwarding services increased by approximately HK\$6.5 million, revenue generated from air freight forwarding services increase by approximately HK\$1.8 million, and revenue generated from ancillary logistics services increased by approximately HK\$6.3 million, which was offset by the decrease in revenue generated from E-Commerce fulfilment services of approximately HK\$14.6 million.

The increase in revenue generated from ocean freight forwarding services for the Period was mainly due to the ocean freight rate gradually stabilized and easier to manage for increase of pricing.

Cost of sales and gross profit

Cost of sales increased by approximately 3.15% from approximately HK\$222.1 million for the six months ended 30 June 2021 to approximately HK\$229.1 million for the Period. The increase in cost of sales was mainly attributable to the increase in ocean freight costs of approximately HK\$2.6 million, and increase in ancillary logistics services of approximately HK\$8.0 million, which was partially offset by the decrease in E-Commerce fulfillment costs of approximately HK\$3.4 million for the Period.

Gross profit decreased by approximately 18.0% from approximately HK\$40.1 million for the six months ended 30 June 2021 to approximately HK\$32.9 million for the Period. Gross profit margin decreased from approximately 15.3% for the six months ended 30 June 2021 to approximately 12.6% for the Period.

The decrease in gross profit and gross profit margin was mainly attributable to the decrease in gross profit of E-Commerce fulfillment services income segment and its gross profit percentage which outweighs the increase of gross profit of ocean freight forwarding services.

Administrative expenses

Administrative expenses increased by approximately 4.5% from approximately HK\$28.8 million for the six months ended 30 June 2021 to approximately HK\$30.1 million for the Period. The increase in administrative expenses was mainly due to the increase in professional fees of approximately HK\$2.0 million for the Period as compared to six months ended 30 June 2021.

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the six months ended 30 June 2021 and 2022, respectively.

Profit/(loss) attributable to owners

The Group recorded a profit attributable to owners of the Company of approximately HK\$3.7 million for the Period as compared to that of approximately HK\$12.9 million for the six months ended 30 June 2021. The decrease in profit attributable to owners was mainly attributable to the (i) decrease in gross profit of the E-Commerce fulfillment service income and logistics service income; (ii) nil subsidy from a non-government institution; and (iii) increase in administrative expenses due to increase in professional fees. Notwithstanding the above, the Group recorded an increase in (i) gross profit in the ocean freight forwarding services, (ii) gross profit in air freight forwarding services; and (iii) other income as a result of the subsidies granted to the Group under the Employment Support Scheme under the Anti-epidemic Fund provided by Government of Hong Kong for the Period.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors determined not to pay any interim dividend for the Period (2021: Nil).

LIQUIDITY AND FINANCIAL RESOURCES, GEARING RATIO

The current ratio of the Group as at 30 June 2022 was 0.67 times as compared to that of 0.68 times as at 31 December 2021. The gearing ratio, calculated based on the total obligations under bank borrowings and overdrafts, divided by total equity at the end of the period and multiplied by 100%, stood at approximately 162.4% as at 30 June 2022 (31 December 2021: approximately 175.1%). With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

During the Period, the Group's main source of funds was mainly from cash generated from operating activities. As at 30 June 2022, the Group had bank balances and cash of approximately HK\$18.4 million (31 December 2021: approximately HK\$14.9 million), of which approximately 43%, 51%, and 6% were denominated in HK\$, US dollars, and Renminbi respectively.

During the Period, the Group did not have any interest-bearing bank borrowings at fixed interest rates and did not use any financial instruments for hedging purposes.

CAPITAL STRUCTURE

The issued ordinary shares (the “**Shares**”) of HK\$0.01 each in the share capital of the Company were initially listed on GEM (the “**Listing**”) on 7 October 2016. 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 issued share capital and reserves. The Directors review the Group’s capital structure regularly. As part of the 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 the unaudited condensed consolidated financial statements.

CHARGE ON THE GROUP’S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group had pledged its bank deposits and deposits placed in life insurance policies to a bank for an amount of approximately HK\$17.4 million and approximately HK\$116.1 million, respectively (31 December 2021: HK\$17.4 million and HK\$114.7 million, respectively) to secure the general banking facilities granted to the Group with an outstanding amount of indebtedness of approximately HK\$128.1 million as at 30 June 2022 (31 December 2021: HK\$133.3 million). The Group had no material contingent liabilities as at 30 June 2022 and as at 31 December 2021, respectively.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group’s revenue generating operations are mainly transacted in HK\$, RMB 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.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Directors and management has been closely monitoring the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 176 (30 June 2021: 169) full time employees. The staff costs, including the Directors' emoluments, of the Group were approximately HK\$33.8 million for the Period (30 June 2021: approximately HK\$30.9 million). We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions.

DEFINED CONTRIBUTION SCHEME

The Group operates a defined contribution scheme, the Mandatory Provident Fund Scheme (the "**MPF Scheme**"), under the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees who are eligible to participate in the MPF Scheme in Hong Kong. The Group's employees are entitled to 100% of the Group's contributions (and the Group's contributions, when made, vest fully on its employees) together with accrued returns irrespective of their length of service with the Group. There were no forfeited contributions receivable for reduction of future contribution as at 31 December 2021 (2020: Nil) and as at 30 June 2022 (30 June 2021: Nil).

ISSUE OF EQUITY SECURITIES

During the Period, the Company did not issue any equity securities.

SIGNIFICANT INVESTMENTS

Save for the life insurance policy as disclosed below, the Group did not have any significant investments held as at 30 June 2022. Save as disclosed in this announcement, the Group does not have any plans for material investments or capital assets as at 30 June 2022.

Life insurance policy

In July 2018, Janco Global Logistics Limited ("**Janco Global**"), a wholly-owned 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 Company intends to hold the China Taiping Insurance until the date of maturity. Please refer to the Company's announcement dated 3 January 2020 for details of the China Taiping Insurance.

The following table sets forth the movement of the China Taiping Insurance during the period ended 30 June 2022:

	Carrying amount as at 1 January 2022 <i>HK\$'000</i>	Disposal during the Period <i>HK\$'000</i>	Addition during the Period <i>HK\$'000</i>	Accrued interest earned during the Period <i>HK\$'000</i>	Carrying amount as at 30 June 2022 <i>HK\$'000</i>	Percentage to the Group's total assets as at 30 June 2022
China Taiping Insurance	109,368	-	-	1,406	110,774	32.8%

MATERIAL ACQUISITIONS AND DISPOSALS

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

PURCHASE, SALE OR REDEMPTION

During the Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Shares.

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 with 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 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/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 securities of the Company when he/she would be prohibited from dealings by the Model Code as if he/she was a Director.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Company

Long position in the Shares

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding <i>(note 4)</i>
Mr. Yuen Ching Bor Stephen <i>(Note 1)</i>	Beneficial owner	980,000	0.16%
Mr. Po Lam Hi John <i>(Note 2)</i>	Beneficial owner	1,510,000	0.25%
Mr. Tsang Zee Ho Paul <i>(Note 3)</i>	Beneficial owner	850,000	0.14%

Notes:

- Mr. Yuen Ching Bor Stephen resigned as an independent non-executive Director on 20 April 2022.
- Mr. Po Kam Hi John ceased to be a non-executive Director on 10 June 2022.
- Mr. Tsang Zee Ho Paul ceased to be an executive Director on 10 June 2022.
- The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2022 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options of the Company (the "**Options**") granted by the Company.

Long position in the underlying shares of equity derivatives of the Company

Under the Share Option Scheme as mentioned in the section headed “Share Option Scheme” below, Options were granted to the following Directors which entitled them to subscribe for the Shares. Details of the Options held by them as at 30 June 2022 were as follows:

Name of Director	Date of grant	Vesting date	Exercise period	Number of underlying Shares subject to the outstanding Options	Exercise price per Share (HK\$)	Approximate percentage of shareholding (Note)
Mr. Ng Chin Hung (“Mr. Ng”)	24 June 2020	24/06/2021	24/06/2021– 23/06/2030	1,500,000	0.2066	0.5%
		24/06/2022	24/06/2022– 23/06/2030	1,500,000		
Mr. Cheng Tak Yuen	24 June 2020	24/06/2021	24/06/2021– 23/06/2030	750,000	0.2066	0.25%
		24/06/2022	24/06/2022– 23/06/2030	750,000		

Note: The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2022, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or the debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding <i>(note 3)</i>
Million Venture Holdings Limited ("Million Venture")	Beneficial owner	156,000,000	26%
Mr. Cheng	Interest in a controlled corporation <i>(Note 1)</i>	156,000,000	26%
Ms. Tai Choi Wan, Noel	Interest of spouse <i>(Note 2)</i>	156,000,000	26%
Mr. Chan Chun Shing, Otto	Beneficial owner	60,000,000	10%

Notes:

1. These Shares are held by Million Venture, which is wholly-owned by Mr. Cheng. By virtue of the SFO, Mr. Cheng is deemed to be interested in all the Shares held by Million Venture.
2. Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng and is deemed, or taken to be, interested in all the Shares in which Mr. Cheng is interested under the SFO.
3. The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2022 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any Options granted by the Company.

Save as disclosed above, as at 30 June 2022, the Company has not been notified of any other persons (other than the Directors or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 23 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the 2021 annual report of the Company.

Under the Share Option Scheme, the Company may issue Options to subscribe for up to 60,000,000 Shares (the “**General Scheme Limit**”), representing 10% of the total number of Shares in issue as at the date of Listing. The General Scheme Limit remained unchanged as at the date of the 2021 annual report of the Company (that is, 22 April 2022).

As at 30 June 2022, a total of 9,000,000 Options granted under the Share Option Scheme were outstanding.

Movement of the Options, which were granted under the Share Option Scheme, during the Period are listed below in accordance with Rule 23.07 of the GEM Listing Rules:

Category	Date of grant	Vesting date (Note c)	Number of Options					Outstanding as at 30/06/2022	Exercise price HK\$	Exercise period	
			Outstanding as at 01/01/2022	Granted (Notes a and b)	Exercised (Notes a and b)	Cancelled	Lapsed				
1. Directors	Ng Chin Hung	24/06/2020	24/06/2021 (50%)	1,500,000	-	-	-	-	1,500,000	0.2066	24/06/2021–23/06/2030
		24/06/2020	24/06/2022 (50%)	1,500,000	-	-	-	-	1,500,000	0.2066	24/06/2022–23/06/2030
	Cheng Tak Yuen	24/06/2020	24/06/2021 (50%)	750,000	-	-	-	-	750,000	0.2066	24/06/2021–23/06/2030
		24/06/2020	24/06/2022 (50%)	750,000	-	-	-	-	750,000	0.2066	24/06/2022–23/06/2030
2. Employees		24/06/2020	24/06/2021 (50%)	3,000,000	-	-	-	(750,000)	2,250,000	0.2066	24/06/2021–23/06/2030
		24/06/2020	24/06/2022 (50%)	3,000,000	-	-	-	(750,000)	2,250,000	0.2066	24/06/2022–23/06/2030
Total:			10,500,000	-	-	-	(1,500,000)	9,000,000			

Notes:

- The weighted average closing price of the ordinary shares in the Company immediately before the date on which the Options were granted was HK\$0.2066.
- During the Period, 150,000 Option lapsed under the Share Option Scheme.
- For the vesting schedule of the Options, 50% of the Options was vested on the respective grantees on 24 June 2021; and the remaining 50% of the Options was vested on the respective grantees on 24 June 2022.
- There are no participants with Options granted in excess of the individual limit and no grants to suppliers of goods and services.

No Options were exercised during the Period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the Period and up to the date of this announcement was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2022 or at any time during the Period.

COMPETING INTEREST

For the Period, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective 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.

CHANGES IN DIRECTORS AND OF IMPORTANT EXECUTIVE FUNCTIONS AND RESPONSIBILITIES OF MEMBERS OF THE BOARD DURING THE PERIOD

With effect from 6 April 2022, (i) Mr. Ng ceased to serve as the chairman of the Board ("**Chairman**") and has continued to act as executive Director and chief executive officer of the Company; (ii) Mr. Po Kam Hi John was appointed as the Chairman and has continued to act as non-executive Director; (iii) Mr. Tsang Zee Ho Paul was re-designated from non-executive Director to executive Director and served as the 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 was re-designated from CFO to financial controller of the Company and has continued to act as executive Director; and (v) Mr. Chan Heung Wing Anthony 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. For details, please refer to the announcement of the Company dated 6 April 2022.

With effect from 20 April 2022, (i) Mr. Yuen Ching Bor Stephen resigned as independent non-executive Director and ceased to serve as the chairman of the remuneration committee of the Board (the “**Remuneration Committee**”), a member of the audit committee of the Board (the “**Audit Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”); and (ii) Mr. Leung Ka Kui Johnny was appointed as the chairman of the Remuneration Committee and a member of the Audit Committee. For details, please refer to the announcement of the Company dated 21 April 2022.

With effect from the conclusion of the annual general meeting of the Company on 10 June 2022, each of Mr. Cheng Hiu Tung Anthony, Mr. Tsang Zee Ho Paul, Mr. Po Kam Hi John and Mr. Leung Ka Kui Johnny retired as Director. Following the retirement of the each of them as Directors and with effect from 10 June 2022, (i) Mr. Po Kam Hi John’s positions to act as the Chairman and non-executive Director have been terminated; (ii) Mr. Tsang Zee Ho Paul’s positions to serve as executive Director, the CFO, 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 have been terminated; (iii) Mr. Cheng Hiu Tung Anthony’s positions to serve as executive Director and the financial controller of the Company have been terminated; and (iv) Mr. Leung Ka Kui Johnny ceased to serve as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Subsequently, with effect from 10 June 2022, (i) Mr. Chan Kin Chung has been appointed as non-executive Director and the Chairman; (ii) Mr. Chan William has been appointed as independent non-executive Director, a member of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee; and (iii) Ms. Ng Ting On Polly has been appointed as the new company secretary, the 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. For details, please refer to the announcement of the Company dated 12 June 2022.

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 2021 annual report.

CORPORATE GOVERNANCE

During the Period, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules, other than code provision C.2.1. CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the Period, Mr. Ng was the Chairman and the chief executive officer ("**CEO**") of the Company. In view of Mr. Ng having worked in the freight forwarding, logistics and supply chain industries for more than 37 years, the Board considered that it was in the best interests of the Group to have Mr. Ng taking up both roles for effective management and business development. Further, the Board believed that the balance of power and authority was adequately ensured by the operations of the Board which comprised experienced and high-caliber individuals, with sufficient number of independent non-executive Directors. Accordingly, the Board was of the view that the deviation from the CG Code provision C.2.1 was appropriate or acceptable in such circumstances. With the separation of the roles of the Chairman (being served by each of Mr. Po Kam Hi John (from 6 April 2022 to 9 June 2022) and Mr. Chan Kin Chung (since 10 June 2022), each a non-executive Director) and CEO (continued to be served by Mr. Ng) with effect from 6 April 2022, the Company has since complied with CG Code provision C.2.1.

LITIGATIONS

Winding-up petitions

Winding-up petitions brought against Janco Global and Transpeed Hong Kong Limited

On 21 April 2022, each of Janco Global and Transpeed Hong Kong Limited ("**Transpeed**"), an indirect wholly-owned subsidiary of the Company, received a winding up petition from FC Bangladesh Limited ("**FCB**") for the alleged debts payable by each of Janco Global and Transpeed (the "**Alleged Debts**"). On the same day, each of Janco Global and Transpeed issued an originating summons for an injunction to prevent FCB from presenting winding-up petitions against each of them.

On 3 May 2022, each of Janco Global and Transpeed issued a writ of summons against FCB to seek declaration that they are not indebted to FCB for the Alleged Debt.

On 18 May 2022, FCB and each of Janco Global and Transpeed entered into consent summons for the withdrawal of the aforesaid petitions. Sealed orders for the withdrawal of the two aforesaid petitions were subsequently granted on 2 June 2022.

For details, please refer to the announcements of the Company dated 22 April, 4 May and 20 May 2022.

Writ of summons received by the Company

On 17 February 2022, the Company received a Writ of Summons (the “**Writ**”) issued by Mr. Cheng, who is a former controlling shareholder, former Chairman and Director, in the High Court of Hong Kong in relation to a letter of indemnity and undertaking executed by the Company in favour of Mr. Cheng dated 17 June 2021 (the “**Letter**”).

Among other things, the statement of claim attached to the Writ asserts that:

1. Mr. Cheng is the legal and beneficial owner of a property situated at Flat B, 9th Floor with Car Parking Space No. C33, No. 6 Shiu Fai Terrace, Stubbs Road, Hong Kong (the “**Property**”);
2. Mr. Cheng indirectly held around 75% of the shares of the Company until around early 2021;
3. In May 2019 and May 2021, Mr. Cheng granted 2nd and 3rd mortgages over the Property in favour of DBS Bank (Hong Kong) Limited as security for bank facilities to certain subsidiaries of the Company;
4. Under clause 2 of the Letter, the Company unconditionally and irrevocably agrees and undertakes to use its best endeavour to procure the full release and discharge of the 2nd and 3rd mortgages over the Property as soon as reasonably practicable; and
5. Mr. Cheng claims for specific performance of clause 2 of the Letter as stated in paragraph 4 above.

The Company is currently seeking legal advice from its legal advisers in respect of the Writ. The business operation of the Company and its subsidiaries remains normal and it is not expected that the Writ will have any material impact on the Company and its subsidiaries.

For details, please refer to the announcement of the Company dated 21 February 2022.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

REVIEW OF INTERIM FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The Company has established its Audit Committee 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 to, among other things, review and supervise the financial reporting system, risk management and internal control system of the Group, nominate and monitor the external auditor to review the Company's annual report and interim report (including the financial statements of the Group) and provide advice and comments thereon to the Board. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lee Kwong Chak Bonnio, Mr. Kwan Chi Hong and Mr. Chan William. Mr. Lee Kwong Chak Bonnio is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period and was of the opinion that the preparation of such statements complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made in respect thereof.

REVIEW OF INTERIM FINANCIAL STATEMENTS BY THE AUDITOR

The interim financial statements of the Group for the Period is unaudited, but has been reviewed by McM (HK) CPA Limited, the auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this announcement.

By Order of the Board
Janco Holdings Limited
Ng Chin Hung

Executive Director and Chief Executive Officer

Hong Kong, 11 August 2022

As at the date of this announcement, the executive Directors are Mr. Ng Chin Hung (Chief Executive Officer) and Mr. Cheng Tak Yuen, the non-executive Director is Mr. Chan Kin Chung (Chairman) and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnio, Mr. Kwan Chi Hong and Mr. Chan William.

This announcement will remain on GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.jancofreight.com.