



Janco Holdings Limited

駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035



2017
Interim Report

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*This report, 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 refer 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 report 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 report misleading.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Cheng Hon Yat (*Chairman and Chief executive officer*)
Mr. Chan Kwok Wai
Mr. Lo Wai Wah
Mr. Yau Sze Yeung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Wing Hay
Mr. Wong Yee Lut, Eliot
Mr. Luk Kin Ting
Mr. Lau Chi Kit

COMPANY SECRETARY

Mr. Yau Sze Yeung, *CPA*

COMPLIANCE OFFICER

Mr. Cheng Hon Yat

AUTHORISED REPRESENTATIVES

Mr. Cheng Hon Yat
Mr. Yau Sze Yeung

BOARD COMMITTEES

Audit Committee

Mr. Siu Wing Hay (*Chairman*)
Mr. Wong Yee Lut, Eliot
Mr. Luk Kin Ting
Mr. Lau Chi Kit

REMUNERATION COMMITTEE

Mr. Luk Kin Ting (*Chairman*)
Mr. Siu Wing Hay
Mr. Wong Yee Lut, Eliot
Mr. Lau Chi Kit

NOMINATION COMMITTEE

Mr. Wong Yee Lut, Eliot (*Chairman*)
Mr. Siu Wing Hay
Mr. Luk Kin Ting
Mr. Lau Chi Kit

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISER

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8 Connaught Place
Central
Hong Kong

As to Cayman Islands Law

Conyers Dill & Pearman
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COMPLIANCE ADVISER

Lego Corporate Finance Limited
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Hong Kong

AUDITOR

Deloitte Touche Tohmatsu,
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

COMPANY'S WEBSITE

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PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

The Hong Kong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

STOCK CODE

8035

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF JANCO HOLDINGS LIMITED
駿高控股有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Janco Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 6 to 19, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2016 and the relevant explanatory notes included in the condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

11 August 2017

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 2017, together with the corresponding comparative figures, are as follows. The financial results has been approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	64,374	53,222	110,096	100,267
Cost of sales		(53,607)	(46,556)	(90,247)	(83,765)
Gross profit		10,767	6,666	19,849	16,502
Other income		3	1	6	2
Other gains and losses		153	(51)	70	89
Administrative expenses		(10,166)	(4,728)	(18,124)	(12,172)
Listing expenses		–	(3,945)	–	(8,506)
Finance costs		(223)	(22)	(233)	(29)
Profit/(loss) before taxation		534	(2,079)	1,568	(4,114)
Income tax expense	4	(71)	(966)	(670)	(1,448)
Profit/(loss) and total comprehensive income/ (expense) for the period	5	463	(3,045)	898	(5,562)
Earnings/(loss) per share — basic (HK cents)	7	0.08	(0.68)	0.15	(1.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		7,198	7,076
Computer software		401	389
Interest in an associate	8	–	–
Rental deposits	9	4,680	5,397
		12,279	12,862
Current assets			
Inventories		249	–
Trade receivables	9	82,178	58,442
Other receivables, deposits and prepayments	9	9,721	6,709
Tax recoverable		39	233
Pledged bank deposit	10	22,000	–
Bank balances and cash		2,810	27,685
		116,997	93,069
Current liabilities			
Trade payables	11	14,764	10,881
Other payables and accruals	11	3,127	2,540
Bank borrowing — due within one year	12	16,000	–
Tax payable		4,271	3,795
Bank overdraft		782	–
Obligations under finance leases — due within one year		578	350
		39,522	17,566
Net current assets		77,475	75,503
Total assets less current liabilities		89,754	88,365

Non-current liabilities

Obligations under finance leases

— due after one year

Deferred tax liabilities

Capital and reserves

Share capital

Reserves

Total equity

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
<i>Note</i>		
	1,106	615
	778	778
	1,884	1,393
	87,870	86,972
	6,000	6,000
<i>13</i>	81,870	80,972
	87,870	86,972

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000 (Note 13)	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	-	-	17,659	-	13,423	31,082
Loss and total comprehensive expense for the period	-	-	-	-	(5,562)	(5,562)
At 30 June 2016 (unaudited)	-	-	17,659	-	7,861	25,520
At 1 January 2017 (audited)	6,000	47,755	17,659	4,658	10,900	86,972
Profit and total comprehensive income for the period	-	-	-	-	898	898
At 30 June 2017 (unaudited)	6,000	47,755	17,659	4,658	11,798	87,870

Note: The other reserve represented an amount due to Mr. Cheng Hon Yat (“**Mr. Cheng**”), being the controlling shareholder of the Group and a director of the Company, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended	
	30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(19,232)	(11,401)
INVESTING ACTIVITIES		
Placement of pledged bank deposit	(22,000)	–
Purchase of property, plant and equipment and computer software	(405)	(2,343)
Proceeds from disposal of property, plant and equipment	228	230
Repayment from former related parties	–	16,148
Advance to a former related party	–	(313)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(22,177)	13,722
FINANCING ACTIVITIES		
New bank borrowing raised	16,000	–
Repayment of obligations under finance leases	(220)	(1,369)
Interest paid	(28)	(29)
Repayment to a former related party	–	(1,237)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	15,752	(2,635)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,657)	(314)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	27,685	5,556
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,028	5,242
Represented by:		
Bank balances and cash	2,810	5,242
Bank overdraft	(782)	–
	2,028	5,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is 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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**the GEM Board**”) by way of placing (the “**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. Its immediate and ultimate holding company is Million Venture Holdings Limited (“**Million Venture**”), a company incorporated in the British Virgin Islands and wholly owned by Mr. Cheng.

The Company is an investment holding company. The principal activities of the Group are set out in Note 3.

The 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 Rules Governing the Listing of Securities on the GEM Board.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 2	Included in Annual Improvements 2014–2016 Cycle Disclosure of Interests in Other Entities

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the executive directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group’s reportable and operating segments under HKFRS 8 “Operating Segments” are as follows:

- (i) Air Freight — provision of air freight forwarding services
- (ii) Ocean Freight — provision of ocean freight forwarding services
- (iii) Logistics — provision of warehousing and other ancillary logistics services
- (iv) E-Commerce — trading of electronic products through online platform

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

Segment revenue and results

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

For the six months ended 30 June 2017 (unaudited)

	Air Freight HK\$'000	Ocean Freight HK\$'000	Logistics HK\$'000	E-Commerce HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue						
External sales	38,431	47,013	21,854	2,798	–	110,096
Inter-segment sales	408	1,038	3,667	–	(5,113)	–
	<u>38,839</u>	<u>48,051</u>	<u>25,521</u>	<u>2,798</u>	<u>(5,113)</u>	<u>110,096</u>
Segment results	<u>5,308</u>	<u>10,576</u>	<u>2,232</u>	<u>340</u>	<u>–</u>	<u>18,456</u>
Other income						6
Other gains and losses						70
Administrative expenses						(16,731)
Finance costs						(233)
Profit before taxation						<u>(1,568)</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2016 (unaudited)

	Air Freight HK\$'000	Ocean Freight HK\$'000	Logistics HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue					
External sales	43,772	44,619	11,876	–	100,267
Inter-segment sales	184	1,931	765	(2,880)	–
	<u>43,956</u>	<u>46,550</u>	<u>12,641</u>	<u>(2,880)</u>	<u>100,267</u>
Segment results	<u>4,805</u>	<u>8,655</u>	<u>(7)</u>	<u>–</u>	<u>13,453</u>
Other income					2
Other gains and losses					89
Administrative expenses					(9,123)
Listing expenses					(8,506)
Finance costs					(29)
Loss before taxation					<u>(4,114)</u>

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

4. INCOME TAX EXPENSE

	Six months ended	
	30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax	670	1,173
Underprovision in prior year	–	184
Deferred tax	–	91
	<u>670</u>	<u>1,448</u>

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

5. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended	
	30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Directors' remuneration	2,723	1,449
Other staff costs:		
Salaries and other allowances	17,664	9,829
Retirement benefits scheme contributions	669	467
Total staff costs	21,056	11,745
Depreciation and amortisation	1,210	732
Gain on disposal of property, plant and equipment	(228)	(230)

6. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

7. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings/(loss) per share for the six months ended 30 June 2017 and 2016 are based on the profit for the period attributable to owners of the Company of HK\$898,000 and loss for the period attributable to owners of the Company of HK\$5,562,000, respectively.

The weighted average number of ordinary shares in issue for the six months ended 30 June 2017 and 2016 are 600,000,000 and 450,000,000, respectively, which are based on the assumption that the Capitalisation Issue (as defined in Note 13(iii)) had been completed on 1 January 2016.

No diluted earnings/(loss) per share is presented for both the six months ended 30 June 2017 and 2016 as there were no potential ordinary shares outstanding.

8. INTEREST IN AN ASSOCIATE

During the current interim period, 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 total consideration of HK\$20 for the purpose of expanding the Group's business. This investment is accounted for as an associate given the Group has a board seat in the company. At the end of the reporting period and up to the date of issue of this report, the associate remains inactive.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Trade receivables	82,178	58,442
Rental deposits	6,528	6,218
Other prepayments and deposits	7,873	5,888
Total trade and other receivables	96,579	70,548
Analysed as:		
Current assets		
Trade receivables	82,178	58,442
Other receivables, deposits and prepayments	9,721	6,709
	91,899	65,151
Non-current assets		
Rental deposits	4,680	5,397
	96,579	70,548

The Group allows a credit period of 15 to 90 days to its 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 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
0–30 days	24,569	16,059
31–60 days	18,015	14,672
61–90 days	10,731	7,891
Over 90 days	28,863	19,820
	82,178	58,442

10. PLEDGED BANK DEPOSIT

As at 30 June 2017, the pledged bank deposit represented a deposit pledged to a bank to secure certain short-term banking facilities granted to the Group and was therefore classified as a current asset. The pledged bank deposit would be released upon the settlement of the relevant bank borrowings. The pledged bank deposit carries fixed interest at 0.2% per annum.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
Trade payables	14,764	10,881
Accruals and receipts in advance from customers	3,127	2,540
Total trade and other payables and accruals	17,891	13,421

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

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

	At 30 June 2017 <i>HK\$'000</i> (unaudited)	At 31 December 2016 <i>HK\$'000</i> (audited)
0–30 days	4,122	6,563
31–60 days	2,437	1,647
61–90 days	2,373	315
Over 90 days	5,832	2,356
	14,764	10,881

As at 30 June 2017 and 31 December 2016, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

12. BANK BORROWING

During the current interim period, the Group has drawn down new bank borrowing amounting to HK\$16,000,000 (six months ended 30 June 2016: Nil) which carries variable market interest rate of 3.23% per annum and will be matured in August 2017.

13. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2016	38,000,000	380,000
Increase in authorised share capital (note i)	1,462,000,000	14,620,000
At 31 December 2016 and 30 June 2017	1,500,000,000	15,000,000
Issued and fully paid:		
At 1 January 2016	100	1
Issue of new shares in the Placing (as defined in note ii)	150,000,000	1,500,000
Capitalisation Issue (as defined in note iii)	449,999,900	4,499,999
At 31 December 2016 and 30 June 2017	600,000,000	6,000,000
Balance presented in HK\$'000		6,000

Notes:

- (i) Pursuant to the written resolution passed by the sole shareholder of the Company, Million Venture, dated 23 September 2016, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$15,000,000 divided into 1,500,000,000 shares by the creation of an additional 1,462,000,000 shares of HK\$0.01 each, all of which shall rank pari passu in all respects with the existing shares.
- (ii) On 7 October 2016, 150,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.41 by way of the Placing. On the same date, the Company's shares were listed on the GEM Board. The proceeds of HK\$1,500,000, representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$60,000,000, before issuing expenses, were credited to the share premium account.
- (iii) Pursuant to the written resolution passed by the sole shareholder of the Company, Million Venture, dated 23 September 2016, conditional upon the share premium account of the Company being credited as a result of the Placing, the directors of the Company were authorised to capitalise an amount of HK\$4,499,999 standing to the credit of the share premium account of the Company and applied in paying up in full at par a total of 449,999,900 shares for allotment and issue to the sole shareholder of the Company (the "Capitalisation Issue"), all of which shall rank pari passu in all respects with the existing shares. The Capitalisation Issue was completed on 7 October 2016.

14. RELATED PARTY DISCLOSURES

(i) Transactions

Save as disclosed in other Notes, during the six months ended 30 June 2017 and 2016, the Group entered into the following transactions with its related parties:

Related parties	Nature of transactions	Six months ended	
		30 June 2017 HK\$'000 (unaudited)	30 June 2016 HK\$'000 (unaudited)
Freight Concept Limited ("Freight Concept") (Note i)	Transportation and forwarding income	-	2,745
	Transportation and forwarding charges	-	(332)
		<hr/>	<hr/>
		-	2,413
Freight Concept Lanka (Private) Limited ("Freight Concept Lanka") (Note ii)	Transportation and forwarding income	-	235
	Transportation and forwarding charges	-	(24)
		<hr/>	<hr/>
		-	211

Notes:

- (i) Due to the directorship of Mr. Cheng therein, Freight Concept was a related party of the Group from 1 January 2016 to 18 February 2016.
- (ii) Due to the directorship of Mr. Cheng therein, Freight Concept Lanka was a related party of the Group from 1 January 2016 to 25 February 2016.

14. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) Compensation of key management personnel

	Six months ended	
	30 June	30 June
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees	360	–
Salaries and other allowances	1,990	1,179
Discretionary bonus	337	235
Retirement benefits scheme contributions	36	35
	<hr/>	<hr/>
	2,723	1,449
	<hr/>	<hr/>

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia. Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or GSAs and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. A majority of our customers are direct shipper customers. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations.

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

On top of our freight forwarding and ancillary logistics services, we have started our e-commerce business on Europe-based websites since June 2017.

Our competitive strengths are the key factors contributing to our success to date. The Directors believe that the competitive strengths as set out in the prospectus of the Company dated 30 September 2016 (the “**Prospectus**”), such as the following, will continue to enhance our presence and increase our market share in the freight forwarding and logistics industries:

- (a) **Our established track record of over 25 years in serving the freight forwarding industry allows us to understand and adapt to our customers’ needs.**

Established reputation and track record are important factors that affect customers’ choices over logistics partners. A strong network along the value chain is also a key success factor for leading players and a key barrier for new entrants to the market as disclosed in the Prospectus. We have been a freight forwarding service provider since the establishment of JFX Limited in 1990, giving us a track record of over 25 years. Over the years, we have created an extensive network of suppliers and customers along the supply chain of cargo space. We have maintained business relationship with over 400 suppliers and over 1,500 customers.

- (b) **Our ability to understand and adapt to our customers’ needs contributes to our growing ancillary logistics services segment.**

Nowadays, service providers who are capable of integrating different modules of services and playing multi-fold roles in the value chain are becoming increasingly competitive and preferred as disclosed in the Prospectus. The Directors believe that our ability to understand and adapt to our customers’ needs has encouraged purchases of cargo space by our direct shipper customers and distinguished us from our freight forwarder competitors since we are able to provide a wide range of freight forwarding services and logistics services as a one-stop service provider.

FUTURE PLANS

Our long-term business objective is to become a leading one-stop service provider in the freight forwarding and logistics industries in Asia, while our ultimate business objective is to become a major market player in the global freight forwarding and logistics industries. We plan to achieve our objectives by further developing our freight forwarding business and logistics business including e-commerce business, and further enhancing our sales and marketing effort to boost our sales performance.

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

Despite of challenges we are facing, our e-commerce business continued to capture the growing opportunities arising from the increasing demand derived from the increasing e-commerce volume to United Kingdom, other European countries and cross-border logistics activities.

Expecting significant growth in e-commerce revenue in the second half year, we are constantly improving our selection of solutions to our customers. Our intention is to become a major logistics service provider across the region. We are also enhancing our capability and strengthening our last mile delivery transit time as well as simplifying our fulfillment process to increase our efficiency.

We will also continue to capture the growing opportunities arising from cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

Looking ahead, fulfillment will continue to be the key growth driver to the Group and we shall explore and diversify our portfolio in expanding our in-house customised electronic systems to offer more services. In order to build a winning team, we will also constantly invest in people development and recruit industry professionals from the IT sector.

We are optimistic in delivering solid results and growth as well as diversified business portfolio across a wide spectrum of verticals.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately 9.8% from approximately HK\$100.3 million for the six months ended 30 June 2016 to approximately HK\$110.1 million for the six months ended 30 June 2017. The increase in revenue was due to the increase in ocean freight forwarding services, partially offset by the decrease in revenue from air freight forwarding services.

The increase in revenue from ocean freight forwarding services was mainly contributed by the increase in shipment volume under the orders placed by our existing and new customers during the six months ended 30 June 2017.

Revenue from air freight forwarding services has decreased mainly because there was no revenue generated from the GSA services for the six months ended 30 June 2017 while the GSA services amounted to approximately HK\$5.9 million for the six months ended 30 June 2016.

Revenue from our ancillary logistics services increased for the six months ended 30 June 2017 mainly due to the increase in sales of our ancillary logistics services to our customers including a U.S. based major customer and some pharmaceutical customers. In addition, we have revenue generated from e-commerce business of approximately HK\$2.8 million for the six months ended 30 June 2017 (2016: Nil).

Cost of sales and gross profit

Cost of sales increased by approximately 7.6% from approximately HK\$83.8 million for the six months ended 30 June 2016 to approximately HK\$90.2 million for the six months ended 30 June 2017. The increase in cost of sales was mainly attributable to the increase in lease payments for our warehouses, partially offset by the decrease in local handling and documentation charges.



Gross profit increased by approximately 20.0% from approximately HK\$16.5 million for the six months ended 30 June 2016 to approximately HK\$19.8 million for the six months ended 30 June 2017. Gross profit margin increased from 16.5% for the six months ended 30 June 2016 to 18.0% for the six months ended 30 June 2017. The increase in gross profit and gross profit margin was mainly due to the increase in gross profit and gross profit margin from our logistics services for the six months ended 30 June 2017. For the six months ended 30 June 2016, our Tsing Yi warehouse was not fully utilised, and it was fully utilised for the six months ended 30 June 2017.

Administrative expenses

Administrative expenses increased by approximately 48.4% from approximately HK\$12.2 million for the six months ended 30 June 2016 to approximately HK\$18.1 million for the six months ended 30 June 2017. The increase in administrative expenses was mainly due to the increase in our staff costs as a result of the increase in salary paid to our staff and the increase in the number of senior staff for the six months ended 30 June 2017.

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 2016 and 2017, respectively.

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

For the six months ended 30 June 2017, the Group recorded a profit attributable to owners of the Company of approximately HK\$0.9 million as compared to a loss of approximately HK\$5.6 million for the corresponding period in 2016. The absence of listing expenses during the six months ended 30 June 2017 mainly accounted for the profit attributable to owners of the Company for the six months ended 30 June 2017, whereas the one-off listing expenses amounted to approximately HK\$8.5 million for the six months ended 30 June 2016.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors determined not to pay an interim dividend for the six months ended 30 June 2017 (2016: Nil).

LIQUIDITY AND FINANCIAL RESOURCES, GEARING RATIO

The current ratio of the Group as at 30 June 2017 was 3.0 times as compared to that of 5.3 times as at 31 December 2016. The decrease was mainly due to an increase in trade payables from approximately HK\$10.9 million as at 31 December 2016 to approximately HK\$14.8 million as at 30 June 2017. In addition, there was a new bank borrowing of approximately HK\$16.0 million as at 30 June 2017 (31 December 2016: Nil). Further, the Group had approximately HK\$1.7 million obligations under finance leases as at 30 June 2017 (31 December 2016: HK\$1.0 million). The gearing ratio, calculated based on the total debt, including bank borrowing, bank overdraft and obligations under finance leases, divided by total equity at the end of the period and multiplied by 100%, stood at approximately 21.0% as at 30 June 2017 (31 December 2016: approximately 1.1%). The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENTS

The operating lease commitments of the Group were primarily related to the leases of its office premises and warehouses. The Group's operating lease commitments amounted to approximately HK\$33.6 million as at 30 June 2017 (31 December 2016: approximately HK\$40.9 million).

As at 30 June 2017, the Group did not have any material capital commitments (31 December 2016: Nil).

CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were listed on GEM (the “**Listing**”) on 7 October 2016 (the “**Listing Date**”). There has been no change in the Company’s capital structure since the Listing. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group’s capital structure regularly. As part of 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 3 to the condensed consolidated financial statements.

CHARGE ON THE GROUP’S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2017, the Group has pledged its bank deposits to a bank for an amount of approximately HK\$22.0 million (31 December 2016: Nil) to secure the general banking facilities granted to the Group with an outstanding amount of indebtedness of approximately HK\$16.8 million as at 30 June 2017 (31 December 2016: Nil). The Group had no material contingent liabilities as at 30 June 2017 and as at 31 December 2016, respectively.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group’s revenue generating operations are mainly transacted in HK\$ and USD, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed 122 (30 June 2016: 108) full time employees. The staff costs, including the Directors' emoluments, of the Group were approximately HK\$21.1 million for the six months ended 30 June 2017 (30 June 2016: approximately HK\$11.7 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date up to 30 June 2017 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used approximately HK\$6.9 million to further develop the Group's freight forwarding business by gaining new customers and new services for existing customers such as logistics service or freight forwarding services with new destinations.
Further developing the Group's logistics business	The Group has used approximately HK\$6.3 million for recruiting 32 relevant staff, purchasing computer equipments, warehouse renovation and further developing the Group's logistics business by gaining new customers.
Further enhancing the Group sales and marketing effort	The Group has used approximately HK\$1.7 million for recruiting 12 senior level staff to cope with the business development.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for investment in its subsidiaries by the Company, the Group did not have any significant investments held as at 30 June 2017. Save as disclosed in the Prospectus or otherwise in this report, the Group did not have any plans for material investments or capital assets as at 30 June 2017.

USE OF PROCEEDS

The actual net proceeds from the Listing, after deducting the listing-related expenses, were approximately HK\$37.4 million. The amount was lower than the estimated net proceeds of approximately HK\$39.0 million as disclosed in the Prospectus. In the light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus.

After the Listing, a part of these net proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. The unused amount of the net proceeds from the Listing as at 30 June 2017 was approximately HK\$21.7 million. In achieving the above business objectives, the Group has utilised the net proceeds from the Listing and its internal resources, and the Group might use both internal resources and net proceeds to finance its future plan in accordance with its use of proceeds schedule.

An analysis of the planned amount utilised up to 30 June 2017 is set out below:

	Adjusted use of actual net proceeds in the same manner and proportion as stated in the Prospectus up to 30 June 2017 <i>HK\$ million</i>	Actual utilised amount as at 30 June 2017 <i>HK\$ million</i>	Unutilised amount out of the planned amount as at 30 June 2017 <i>HK\$ million</i>
Further developing the Group's freight forwarding business	6.9	6.9	–
Further developing the Group's logistics business	6.3	6.3	–
Further enhancing the Group's sales and marketing effort	1.7	1.7	–
General working capital or other corporate purposes	0.8	0.8	–
	15.7	15.7	–

MATERIAL ACQUISITIONS AND DISPOSALS

During the current interim period, the Group subscribed for 20 ordinary shares in a newly incorporated company in Hong Kong, which represents 20% equity interest in that company, at a total consideration of HK\$20 for the purpose of expanding the Group's business. This investment is accounted for as an associate given the Group has a board seat in the company. At the end of the reporting period and up to the date of issue of this report, the associate remains inactive.

Save as disclosed above, during the six months ended 30 June 2017, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

PURCHASE, SALE OR REDEMPTION

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has 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 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 six months ended 30 June 2017.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealings by the Model Code as if he were 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 2017, 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	Percentage of the Company's issued share capital
Mr. Cheng	Interest in a controlled corporation (<i>Note</i>)	450,000,000	75%

Note: The 450,000,000 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.

Interests in associated corporation(s) of the Company

Long position in the shares of the associated corporation(s)

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Cheng	Million Venture	Beneficial owner	1	100%

Save as disclosed above, as at 30 June 2017, 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.

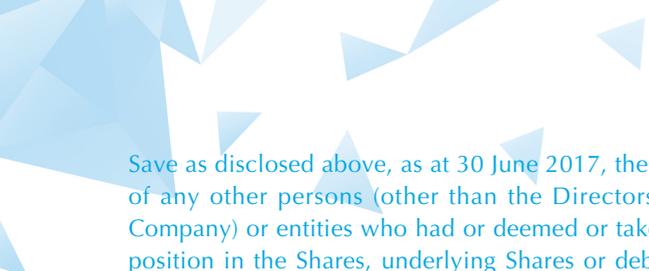
SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2017, 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	Percentage of the Company's issued share capital
Million Venture	Beneficial owner	450,000,000	75%
Ms. Tai Choi Wan, Noel	Interest of spouse (Note)	450,000,000	75%

Note: 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.



Save as disclosed above, as at 30 June 2017, 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 a share option scheme (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 2016 annual report of the Company. Since the Listing Date and up to the date of this report, no option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the six months ended 30 June 2017 and up to the date of this report 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 of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2017 or at any time during the six months ended 30 June 2017.

COMPETING INTEREST

For the six months ended 30 June 2017, 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.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited (the “**Compliance Adviser**”) to be the compliance adviser. As notified by the Compliance Adviser, as at the date of this report, save for the compliance adviser agreement dated 22 April 2016 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has 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 the code provision A.2.1. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Cheng is the chairman and the chief executive officer of the Company. In view of Mr. Cheng being one of the co-founders of the Group and has been managing the Group’s business and supervising over all strategic planning since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Cheng taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with four of them being independent non-executive Directors.

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 2017 and up to the date of this report.

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 and provisions C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to, among other things, review the Company's financial information, review and supervise the financial reporting system, risk management and internal control system of the Group, nominate and monitor the external auditor and to review the continuing connected transactions of the Company. The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit. Mr. Siu Wing Hay is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By Order of the Board
Janco Holdings Limited
Cheng Hon Yat
Chairman

Hong Kong, 11 August 2017

As at the date of this report, the executive Directors are Mr. Cheng Hon Yat, Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung; and the independent non-executive Directors are Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit.

This report 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 website of the Company at www.jancofreight.com.