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**Janco Holdings Limited**

**駿高控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8035)**

## **UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

Reference is made to the announcements of Janco Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 March 2019 and 1 April 2019 (collectively, the “**Announcements**”) relating to the delay in publication of annual results of the Group for the year ended 31 December 2018 (the “**2018 Annual Results**”). Terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

As stated in the Announcements, additional time is required to conduct the Independent Review and the Company is still in the course of providing information requested by the auditor of the Company (the “**Auditor**”) and the Auditor requires more time for conducting the audit of the 2018 Annual Results, details of which had been set out in the Announcements.

For the purpose of providing with information to appraise the latest financial position of the Group, the Board wishes to publish the unaudited consolidated management accounts of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on a preliminary assessment on the unaudited consolidated management accounts of the Group and the information currently available, which have been reviewed by the Audit Committee.

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2019 and will remain suspended until further notice.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2018*

	<b>2018</b> <i>HK\$'000</i> <b>(unaudited)</b>	2017 <i>HK\$'000</i> (audited)
Revenue	<b>365,726</b>	351,141
Cost of sales	<b><u>(341,704)</u></b>	<u>(304,256)</u>
Gross profit	<b>24,022</b>	46,885
Other income	<b>1,233</b>	79
Other gains and losses, net	<b>771</b>	(281)
Administrative expenses	<b>(42,413)</b>	(42,934)
Finance costs	<b><u>(3,178)</u></b>	<u>(482)</u>
(Loss) profit before taxation	<b>(19,565)</b>	3,267
Income tax credit (expense)	<b><u>196</u></b>	<u>(1,585)</u>
(Loss) profit and total comprehensive (expense) income for the year	<b><u><u>(19,369)</u></u></b>	<u><u>1,682</u></u>
(Loss) earnings per share — basic (HK cents)	<b><u><u>(3.23)</u></u></b>	<u><u>0.28</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>		
Property, plant and equipment	10,786	8,041
Computer software	278	330
Deposit placed in a life insurance policy	26,174	—
Interest in an associate	—	—
Rental deposits	<u>5,860</u>	<u>4,663</u>
	<u>43,098</u>	<u>13,034</u>
<b>Current assets</b>		
Inventories	—	10,595
Trade receivables	104,098	93,100
Other receivables, deposits and prepayments	93,299	13,903
Tax recoverable	1,429	—
Pledged bank deposits	28,115	27,000
Bank balances and cash	<u>5,893</u>	<u>6,979</u>
	<u>232,834</u>	<u>151,577</u>
<b>Current liabilities</b>		
Trade payables	42,925	25,338
Other payables and accruals	5,202	2,963
Bank borrowings — due within one year	162,307	39,518
Bank overdraft	738	—
Tax payable	—	5,347
Obligations under finance leases — due within one year	<u>807</u>	<u>728</u>
	<u>211,979</u>	<u>73,894</u>
<b>Net current assets</b>	<u>20,855</u>	<u>77,683</u>
<b>Total assets less current liabilities</b>	<u>63,953</u>	<u>90,717</u>
<b>Non-current liabilities</b>		
Obligations under finance leases — due after one year	1,084	1,252
Deferred tax liabilities	<u>628</u>	<u>811</u>
	<u>1,712</u>	<u>2,063</u>
	<u>62,241</u>	<u>88,654</u>
<b>Capital and reserves</b>		
Share capital	6,000	6,000
Reserves	<u>56,241</u>	<u>82,654</u>
<b>Total equity</b>	<u>62,241</u>	<u>88,654</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue by business segment

	Year ended 31 December			
	2018 (unaudited)		2017 (audited)	
	HK\$'000	%	HK\$'000	%
Freight forwarding —	228,408	62.5	197,837	56.3
Air freight	131,526	36.0	88,885	25.3
Ocean freight	96,882	26.5	108,952	31.0
Logistics	76,616	20.9	52,789	15.0
E-commerce				
— trading	24,490	6.7	84,119	24.0
— fulfillment	36,212	9.9	16,396	4.7
Total	<u>365,726</u>	<u>100.0</u>	<u>351,141</u>	<u>100.0</u>

Our revenue increased by approximately 4.2% from approximately HK\$351.1 million for the year ended 31 December 2017 (“**FY2017**”) to approximately HK\$365.7 million for the year ended 31 December 2018 (“**FY2018**”). The increase in revenue was mainly contributed by the increase in revenue from air freight forwarding services and logistics services by approximately HK\$42.6 million and HK\$23.8 million, respectively, partially offset by decrease in ocean freight forwarding services and E-commerce business by approximately HK\$12.1 million and HK\$39.8 million, respectively. The increase in revenue from air freight forwarding services was mainly attributable to the increase in shipment volume under the orders placed by our existing and new customers during FY2018. Revenue from our ancillary logistics services increased for FY2018 mainly due to the increase in sales of our ancillary logistics services to both our existing and new customers. The decrease in revenue from ocean freight forwarding services was mainly due to the decrease in freight charge to our customers and decrease in shipment volume in FY2018.

On the other hand, we have established E-commerce business in FY2017, which contributed approximately HK\$100.5 million to our revenue for FY2017 which comprised approximately HK\$84.1 million from E-commerce trading business and approximately HK\$16.4 million E-commerce fulfillment business, respectively. For FY2018, our E-commerce business contributed to our revenue by approximately HK\$60.7 million which comprised approximately HK\$24.5 million from E-commerce trading business and approximately HK\$36.2 million E-commerce fulfillment business, respectively. For FY2018, we focused on E-commerce fulfillment business due to its higher profit margin when comparing with E-commerce trading business, which resulted in decrease in revenue from overall E-commerce business.

*Cost of sales by business segment*

	<b>Year ended 31 December</b>			
	<b>2018 (unaudited)</b>		<b>2017 (audited)</b>	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Freight forwarding —	204,458	59.9	162,632	53.5
Air freight	119,872	35.1	76,016	25.0
Ocean freight	84,586	24.8	86,616	28.5
Logistics	76,936	22.5	42,709	14.0
E-commerce				
— trading	24,991	7.3	83,104	27.3
— fulfillment	<u>35,319</u>	<u>10.3</u>	<u>15,811</u>	<u>5.2</u>
<b>Total</b>	<u><u>341,704</u></u>	<u><u>100.0</u></u>	<u><u>304,256</u></u>	<u><u>100.0</u></u>

Our cost of sales increased by approximately 12.3% from approximately HK\$304.3 million for FY2017 to approximately HK\$341.7 million for FY2018. The increase in cost of sales was mainly attributable to the increase in air freight costs of approximately HK\$43.9 million and increase in cost of sales for the logistics services of approximately HK\$34.2 million for FY2018. The increase in cost of sales for air freight forwarding services was mainly due to the increase in freight charges and local charges. The increase in cost of sales for ancillary logistic services was mainly attributable to the warehouse service charges payable under the warehouse service agreements in respect of three warehouses entered into during FY2018. Such increase was in line with the increase in our revenue from air freight forwarding services and logistics services. The increase in cost of sales was partially offset by decrease in cost of sales from ocean freight forwarding services and E-commerce trading business which was in line with decrease in our revenue from ocean freight forwarding services and E-commerce trading business.

*Gross profit and gross profit margin by business segment*

	<b>Year ended 31 December</b>			
	<b>2018 (unaudited)</b>		<b>2017 (audited)</b>	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Freight forwarding —	23,950	10.5	35,205	17.8
Air freight	11,654	8.9	12,869	14.5
Ocean freight	12,296	12.7	22,336	20.5
Logistics	(320)	(0.4)	10,080	19.1
E-commerce				
— trading	(501)	(2.0)	1,015	1.2
— fulfillment	<u>893</u>	<u>2.5</u>	<u>585</u>	<u>3.6</u>
<b>Total</b>	<u><u>24,022</u></u>	<u><u>6.6</u></u>	<u><u>46,885</u></u>	<u><u>13.4</u></u>

## **Gross profit**

Our gross profit decreased by approximately 48.8% from approximately HK\$46.9 million for FY2017 to approximately HK\$24.0 million for FY2018. Gross profit margin decreased from approximately 13.4% for FY2017 to approximately 6.6% for FY2018. As the increase in the costs such as freight charges and local charges outweighed the increase in the revenue, there was a decrease in the gross profit for freight forwarding business. In addition, there was significant increase in the warehouse service charges when comparing with FY2017, which was mainly due to the warehouse service agreements entered into during FY2018.

## **Finance costs**

Our finance costs represented interest expenses on bank borrowings and finance lease. The increase in finance costs from approximately HK\$0.5 million for FY2017 to approximately HK\$3.2 million for FY2018 was mainly due to the increase in bank borrowings for the working capital.

The Company will schedule another Board meeting to approve the 2018 Annual Results and will publish further announcement(s) in due course to inform the Shareholders on the date of the Board meeting and the date of the release of the 2018 Annual Results.

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

Hong Kong, 15 April 2019

*As at the date of this announcement, 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 announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM's website at [www.hkgem.com](http://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](http://www.jancofreight.com).*