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Janco Holdings Limited
駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8035)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (collectively the “**Directors**” or individually a “**Director**”) of Janco Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately HK\$487.6 million for the year ended 31 December 2020 (2019: approximately HK\$412.3 million), representing an increase of approximately 18.3% as compared with the year ended 31 December 2019.
- The total comprehensive income of the Group is approximately HK\$11.5 million for the year ended 31 December 2020, as compared with a total comprehensive expenses of approximately HK\$18.0 million for the year ended 31 December 2019. The increase in total comprehensive income was mainly due to the increase in gross profit margin for E-commerce fulfillment and logistics business for the year ended 31 December 2020.

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce that the audited consolidated financial results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>4</i>	487,641	412,319
Cost of sales		(422,918)	(379,331)
Gross profit		64,723	32,988
Interest income		2,010	3,797
Other income		9,051	55
Other gains and losses, net		(2,328)	(284)
Administrative expenses		(42,257)	(45,527)
Impairment loss made on allowance for trade receivables		(11,320)	(2,700)
Share-based payment expenses		(493)	–
Profit/(loss) from operations		19,386	(11,671)
Finance costs		(5,904)	(7,036)
Share of (losses)/profits of joint venture		(73)	114
Profit/(loss) before tax		13,409	(18,593)
Income tax (expense)/credit	<i>5</i>	(1,389)	593
Profit/(loss) for the year	<i>6</i>	12,020	(18,000)
Other comprehensive income after tax: <i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		(564)	30
Total comprehensive income/(expense) for the year		11,456	(17,970)

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		11,170	(18,070)
Non-controlling interests		850	70
		<u>12,020</u>	<u>(18,000)</u>
Total comprehensive income/(expenses)			
for the year attributable to:			
Owners of the Company		10,606	(18,040)
Non-controlling interests		850	70
		<u>11,456</u>	<u>(17,970)</u>
Earning/(loss) per share			
	8		
Basic (HK cents)		1.86	(3.01)
Diluted (HK cents)		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		As at 31 December 2020 HK\$'000	As at 31 December 2019 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		9,247	12,042
Computer software		113	190
Deposits placed in life insurance policies	9	111,769	109,770
Right-of-use assets		24,646	48,904
Interest in an associate	10	–	–
Interest in a joint venture	11	624	154
Goodwill		61	61
Rental deposits	12	5,848	6,898
		<u>152,308</u>	<u>178,019</u>
Current assets			
Inventories		445	–
Trade receivables	12	114,800	84,076
Other receivables, deposit and prepayments	12	7,456	3,873
Tax recoverable		–	1,624
Pledged bank deposits		17,422	22,545
Bank balance and cash		8,225	3,973
		<u>148,348</u>	<u>116,091</u>
Current liabilities			
Trade payables	13	48,658	35,221
Other payables and accruals	13	21,975	7,560
Due to the controlling shareholder		3,246	8,746
Due to non-controlling interests		656	656
Contract liabilities		393	84
Bank borrowings		143,652	148,019
Lease liabilities		12,899	30,172
Tax payable		884	83
		<u>232,363</u>	<u>230,541</u>
Net current liabilities		<u>(84,015)</u>	<u>(114,450)</u>
Total assets less current liabilities		<u>68,293</u>	<u>63,569</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2020

		As at 31 December 2020 <i>HK\$'000</i>	As at 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		9,976	17,791
Deferred tax liabilities		687	97
		<hr/> 10,663	<hr/> 17,888
NET ASSETS		<hr/> 57,630	<hr/> 45,681
Capital and reserves			
Share capital	<i>14</i>	6,000	6,000
Reserves		50,519	39,420
		<hr/> 56,519	<hr/> 45,420
Equity attributable to owners of the Company		56,519	45,420
Non-controlling interests		1,111	261
		<hr/> 57,630	<hr/> 45,681
TOTAL EQUITY		<hr/> 57,630	<hr/> 45,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company						Retained profits/ (Accumulated loss)	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Translation reserve	Share option reserve				
	HK\$'000	HK\$'000	HK\$'000 (note i)	HK\$'000 (note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2019, as previously stated	6,000	47,755	17,659	4,658	113	-	(12,422)	63,763	-	63,763
Retrospective restatement of HKFRS 16	-	-	-	-	-	-	(303)	(303)	-	(303)
At 1 January 2019, as restated	6,000	47,755	17,659	4,658	113	-	(12,725)	63,460	-	63,460
Loss and total comprehensive income for the year, as restated	-	-	-	-	30	-	(18,070)	(18,040)	70	(17,970)
Establishment of a non-wholly-owned subsidiary	-	-	-	-	-	-	-	-	191	191
At 31 December 2019	<u>6,000</u>	<u>47,755</u>	<u>17,659</u>	<u>4,658</u>	<u>143</u>	<u>-</u>	<u>(30,795)</u>	<u>45,420</u>	<u>261</u>	<u>45,681</u>
At 1 January 2020	6,000	47,755	17,659	4,658	143	-	(30,795)	45,420	261	45,681
Profit and total comprehensive income for the year	-	-	-	-	(564)	-	11,170	10,606	850	11,456
Establishment of a non-wholly-owned subsidiary (note iii)	-	-	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	493	-	493	-	493
At 31 December 2020	<u>6,000</u>	<u>47,755</u>	<u>17,659</u>	<u>4,658</u>	<u>(421)</u>	<u>493</u>	<u>(19,625)</u>	<u>56,519</u>	<u>1,111</u>	<u>57,630</u>

Notes:

- (i) Capital reserve is comprised of (i) the profits derived from the provision of air and ocean freight forwarding services in Hong Kong prior to 1 July 2015 carried out by JFX Limited, a company previously wholly owned by the controlling shareholder, Mr. Cheng Hon Yat (“**Mr. Cheng**”) before the transfer of such business to Janco Global Logistics Limited (“**Janco Global Logistics**”), a wholly owned subsidiary of the Group, as they legally belonged to JFX Limited and are non-distributable profits of the Group; and (ii) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired by the Company upon the group reorganisation completed on 29 December 2015 and the nominal value of the Company’s shares issued.
- (ii) Other reserve represented an amount due to Mr. Cheng, being the controlling shareholder of the Group and a former director of the Company, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in the year ended 31 December 2016.
- (iii) Nil amount presented as non-controlling interests at acquisition is less than HK\$1,000.

NOTES

For the year ended 31 December 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Its immediate and ultimate holding company is Million Venture Holdings Limited (“**Million Venture**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Cheng, the controlling shareholder of the Company.

2. GOING CONCERN BASIS

As at 31 December 2020 the Group had net current liabilities of approximately HK\$84,015,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of the Group. The controlling shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments had not been reflected on these consolidated financial statements.

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

In the current year, the Group has applied the Amendments to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRS**”) adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2020 as mentioned below. HKFRSs comprise HKFRS; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied Amendment to HKFRS 16, COVID-19-Related Rent Concessions, which is effective for annual periods beginning on or after 1 June 2020.

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group has elected to apply the practical expedient to all rent concessions, as all rent concessions received during the year ended 31 December 2020 had met the conditions mentioned above. During the current year, the Covid-19-related rent concessions recognised in the profit or loss amounted to HK\$431,000.

The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

New and amendments to HKFRSs issued but not yet effective

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. These new and revised HKFRSs include the following which may be relevant to the Group:

Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ²

1. Effective for annual periods beginning on or after 1 January 2023.
2. Effective for annual periods beginning on or after 1 January 2022.
3. Effective for annual periods beginning on or after a date to be determined.
4. Effective for annual periods beginning on or after 1 January 2021.

The Group has already commenced an assessment of the impact of these new and revised HKFRSs so far it has concluded that the adoption of them is unlikely to 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 of the Company, for the purposes of allocating resources and assessing performance.

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

- (i) Freight forwarding — provision of air freight and sea freight forwarding services
- (ii) Logistics — provision of warehousing and other ancillary logistics services
- (iii) E-Commerce — trading of consumables through an online platform and provision for fulfillment services

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

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

Segment revenue and results

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

Disaggregation of revenue from contracts with customers

	Freight forwarding		Logistics	E-Commerce			Total
	Air Freight HK\$'000	Ocean Freight HK\$'000		Trading HK\$'000	Fulfillment HK\$'000	Elimination HK\$'000	
For the year ended							
31 December 2020							
Segment revenue							
External sales	201,569	75,473	105,327	4,280	100,992	—	487,641
Inter-segment sales	44,338	2,866	16,172	—	33,237	(96,613)	—
	<u>245,907</u>	<u>78,339</u>	<u>121,499</u>	<u>4,280</u>	<u>134,229</u>	<u>(96,613)</u>	<u>487,641</u>
Segment results	<u>18,231</u>	<u>7,577</u>	<u>19,090</u>	<u>371</u>	<u>19,454</u>	<u>—</u>	<u>64,723</u>
Interest revenue							2,010
Other income							9,051
Other gains and losses, net							(2,328)
Administrative expenses							(42,257)
Impairment loss made on allowance for trade receivables							(11,320)
Share-based payment expenses							(493)
Share of losses of joint venture							(73)
Finance costs							(5,904)
Profit before tax							<u>13,409</u>
For the year ended							
31 December 2019							
Segment revenue							
External sales	114,736	103,877	111,583	—	82,123	—	412,319
Inter-segment sales	8,374	2,163	6,217	—	—	(16,754)	—
	<u>123,110</u>	<u>106,040</u>	<u>117,800</u>	<u>—</u>	<u>82,123</u>	<u>(16,754)</u>	<u>412,319</u>
Segment results	<u>11,541</u>	<u>11,615</u>	<u>7,235</u>	<u>—</u>	<u>2,597</u>	<u>—</u>	<u>32,988</u>
Interest revenue							3,797
Other income							55
Other gains and losses, net							(284)
Administrative expenses							(45,527)
Impairment loss made on allowance for trade receivables							(2,700)
Share of profits of joint venture							114
Finance costs							(7,036)
Loss before tax							<u>(18,593)</u>

Segment results mainly represented profit before taxation earned by each segment without allocation of interest revenue, other income, other gains and losses, administrative expenses, impairment loss made on allowance for trade receivables, share-based payment expenses, share of results of joint venture and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Timing of revenue recognition

	Freight forwarding			E-Commerce		Total HK\$'000
	Air Freight HK\$'000	Ocean Freight HK\$'000	Logistics HK\$'000	Trading HK\$'000	Fulfillment HK\$'000	
For the year ended 31 December 2020						
At a point in time	-	-	-	4,280	-	4,280
Over time	<u>201,569</u>	<u>75,473</u>	<u>105,327</u>	<u>-</u>	<u>100,992</u>	<u>483,361</u>
For the year ended 31 December 2019						
Over time	<u>114,736</u>	<u>103,877</u>	<u>111,583</u>	<u>-</u>	<u>82,123</u>	<u>412,319</u>
	<u>114,736</u>	<u>103,877</u>	<u>111,583</u>	<u>-</u>	<u>82,123</u>	<u>412,319</u>

Geographical information

The Group's operations are substantially located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2020 HK\$'000	2019 HK\$'000
Customer A		
— revenue generated in air freight, ocean freight and logistics segment	72,951	*26,936
Customer B		
— revenue generated E-Commerce fulfillment segment	<u>*24,225</u>	<u>58,736</u>

* Revenue from the customer did not exceed 10% of total revenue in the respective year. The amounts were shown for comparative purpose.

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

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

E-commerce — trading of consumables through an online platform

The Group sells consumables to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 days.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. INCOME TAX EXPENSE/(CREDIT)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax		
— current tax	882	40
— over provision for the previous year	(83)	—
	<hr/>	<hr/>
	799	40
Deferred tax	590	(633)
	<hr/>	<hr/>
	1,389	(593)
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the two years ended 31 December 2020 and 2019.

Under the Law of People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the two years ended 31 December 2020 and 2019. No provision for taxation in the PRC has been made as all the Group's income arises in Hong Kong.

6. PROFIT/(LOSS) FOR THE YEAR

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	660	700
Amortisation of computer software	77	121
Depreciation of property, plant and equipment	4,096	3,323
Depreciation of right-of-use assets	33,716	40,559
Cost of inventories sold	3,909	–
Impairment loss made on allowance of trade receivables	11,320	2,700
Directors' remuneration	4,122	5,603
Other staff costs		
Salaries, bonus and allowances	42,534	41,060
Retirement benefits scheme contributions	1,843	1,637
Equity-settled share option expenses	282	–
Total staff costs	<u>48,781</u>	<u>48,300</u>

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

8. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per share

The calculation of basic earning/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$11,170,000 (2019: loss for the year attributable to owners of the Company of approximately HK\$18,070,000) and the weighted average number of ordinary shares of 600,000,000 (2019: 600,000,000) in issue during the year.

Diluted earning/(loss) per share

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for 2020. Accordingly, the weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same as the potential dilutive ordinary shares during the year ended 31 December 2020.

No diluted losses per share are presented as the Company did not have any dilutive potential ordinary shares for the year ended 31 December 2019.

9. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Deposits placed in life insurance policies	<u>111,769</u>	<u>109,770</u>
Reconciliation of the movement for deposit in life insurance policies:		
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	109,770	106,468
Accrued interest earned during the year	2,010	3,302
Exchange realignment	<u>(11)</u>	<u>–</u>
At 31 December	<u>111,769</u>	<u>109,770</u>

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

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

10. INTEREST IN AN ASSOCIATE

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

11. INTEREST IN A JOINT VENTURE

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint ventures that are accounted for using the equity method:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unlisted investments in Hong Kong		
Share of net assets	–	114
Advance to a joint venture	–	40
	<u>–</u>	<u>154</u>
Unlisted investments overseas		
Share of net assets	624	–
Advance to a joint venture	–	–
	<u>624</u>	<u>–</u>
	<u>624</u>	<u>154</u>

During the year ended 31 December 2020, the Group obtained control of one of its joint venture in July 2020. Immediately prior to obtaining control, the Group recorded a share of loss on the joint venture of approximately HK\$154,000.

As at 31 December 2020, the unlisted investments overseas represented the 70% equity interest in Janco E-commerce Solutions (USA) Inc (“**JEC USA**”).

On 1 January 2020, Janco Global Logistics, a wholly-owned subsidiary of the Company, entered into an agreement with two individual third parties. Pursuant to the agreement, Janco Global Logistics was required to contribute US\$70,000 (equivalent to approximately HK\$543,000) for 7,000 shares in JEC USA, representing 70% of the ordinary shares of JEC USA and has 70% profit sharing in JEC USA. However, the decisions about the relevant activities of JEC USA should be unanimously approved by Janco Global Logistics and the other two venturers. Therefore, JEC USA is regarded as a joint venture of the Group. During the year ended 31 December 2020, the share of profits in JEC USA of approximately HK\$81,000 was recognised in the share of (losses)/profits of joint venture.

12. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	128,820	90,048
Less: Allowance for trade receivables	<u>(14,020)</u>	<u>(5,972)</u>
	114,800	84,076
Rental deposits	7,968	7,541
Other prepayments and deposits	<u>5,336</u>	<u>3,230</u>
	128,104	94,847
Total trade and other receivables	<u><u>128,104</u></u>	<u><u>94,847</u></u>
Analysed as:		
Current assets:		
Trade receivables	114,800	84,076
Other receivables, prepayments and deposits	<u>7,456</u>	<u>3,873</u>
	122,256	87,949
Non-current assets:		
Rental deposits	<u>5,848</u>	<u>6,898</u>
	<u><u>128,104</u></u>	<u><u>94,847</u></u>

The Group allows a credit period ranging from 15 to 90 days (2019: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2019: 30 days) to its E-Commerce customers for its trade receivables.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	52,051	41,164
31 to 60 days	44,529	18,064
61 to 90 days	11,293	7,102
91 to 365 days	6,927	17,157
Over 365 days	<u>–</u>	<u>589</u>
	<u><u>114,800</u></u>	<u><u>84,076</u></u>

Reconciliation of loss allowance for trade receivables:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	5,972	3,272
Amounts written off during the year	(3,272)	–
Increase in loss allowance for the year	<u>11,320</u>	<u>2,700</u>
At 31 December	<u><u>14,020</u></u>	<u><u>5,972</u></u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 days to 365 days past due	Over 365 days	Total
At 31 December 2020							
Weighted average expected loss rate	0%	2%	4%	4%	10%	100%	
Receivable amount (HK\$'000)	80,144	25,087	5,942	1,345	3,326	12,976	128,820
Loss allowance (HK\$'000)	-	(397)	(250)	(53)	(344)	(12,976)	(14,020)
At 31 December 2019							
Weighted average expected loss rate	0%	0%	0%	0%	6%	93%	
Receivable amount (HK\$'000)	57,599	9,774	2,409	697	14,017	5,552	90,048
Loss allowance (HK\$'000)	-	-	-	-	(808)	(5,164)	(5,972)

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Trade payables	48,658	35,221
Other payables	10,956	2,019
Accruals	11,019	5,541
Total trade payables and other payables and accruals	<u>70,633</u>	<u>42,781</u>

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

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

	2020 HK\$'000	2019 HK\$'000
0 to 30 days	29,253	21,844
31 to 60 days	11,718	9,022
61 to 90 days	4,317	2,117
Over 90 days	3,370	2,238
	<u>48,658</u>	<u>35,221</u>

As at 31 December 2020 and 2019, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 (2019: HK\$0.01) each At 31 December 2019 and 2020	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 (2019: HK\$0.01) each At 31 December 2019 and 2020	600,000,000	6,000

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings, due to the controlling shareholder, due to non-controlling interests and leases liabilities, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, issue of new debts or redemption of existing debts.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Total debt	170,429	205,384
Less: cash and cash equivalents	(8,225)	(3,973)
Net debt	162,204	201,411
Total equity	57,630	45,681
Debt-to-adjusted capital ratio	281%	441%

The decrease in the debt-to-adjusted capital ratio during the year ended 31 December 2020 resulted primarily from increase of cash and cash equivalents.

BUSINESS REVIEW

We are a well established freight forwarding and logistics one-stop service provider founded and based in Hong Kong with a strategic focus in Asia. Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or general sales agents (the “**GSA**”) and either sell it to direct shippers or on-sell it to other freight forwarders who act on behalf of their shipper customers. A majority of our customers are direct shipper customers. We offer air freight and ocean freight services and a majority of air and sea cargo space we sell are for goods exporting from Hong Kong to various destinations in Asia such as Bangladesh, Vietnam, Sri Lanka, Cambodia and Thailand.

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

During the year ended 31 December 2020, we are expanding our e-commerce fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

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

FINANCIAL REVIEW

Overview

Our revenue was predominately generated from our freight forwarding services, logistics services, e-commerce and fulfillment services. For the years ended 31 December 2019 (“**FY2019**”) and 31 December 2020 (“**FY2020**”), our total revenue amounted to approximately HK\$412.3 million and HK\$487.6 million, respectively. Our profit attributable to the shareholders of the Company (the “**Shareholders**”) amounted to approximately HK\$11.2 million for FY2020, while our loss attributable to the Shareholders for FY2019 amounted to approximately HK\$18.1 million.

Revenue

We generate revenue from the provision of our core freight forwarding services and our logistics services (including e-commerce business). The revenue recorded represents the fair value of the consideration received or receivable and represents amounts receivable for services provided in our normal course of business and net of discount. Our revenue amounted to approximately HK\$412.3 million and HK\$487.6 million for FY2019 and FY2020, respectively. Our growth in total revenue from FY2019 to FY2020 was primarily attributable to the growth in revenue from our air freight forwarding and E-commerce fulfillment services.

Revenue of the Group increased by approximately 18.3% from approximately HK\$412.3 million for FY2019 to approximately HK\$487.6 million for FY2020. The increase in revenue was mainly contributed by the increase in revenue from air freight forwarding business and E-commerce fulfillment services by approximately HK\$86.8 million and HK\$18.9 million, respectively, partially offset by the decrease in sea freight forwarding business and ancillary logistics services by approximately HK\$28.4 million and HK\$6.3 million respectively. Revenue from air freight forwarding services increased for FY2020 mainly due to the increase in shipment volume under the orders placed by both of our existing and new customers during FY2020.

The increase in revenue from e-commerce fulfillment services was mainly contributed by the increase in orders placed by new customers and our existing customers during FY2020.

Revenue from our ancillary logistics services decreased for FY2020. It was mainly due to the decrease in sales of our ancillary logistics services to customers with lower margin.

The decrease in revenue from ocean freight forwarding services was mainly contributed by the decrease in shipment volume under the orders placed by one of our existing customers during FY2020.

Cost of sales increased by approximately 11.5% from approximately HK\$379.3 million for FY2019 to approximately HK\$422.9 million for FY2020. The increase in cost of sales was mainly contributed by increase in air freight forwarding business of approximately HK\$80.1 million and increase in e-commerce fulfillment business of approximately HK\$2.0 million for FY2020 when comparing with FY2019. The increase in cost of sales for air freight forwarding business was mainly due to the increase in freight volume. The increase in cost of sales for e-commerce fulfillment services was mainly attributable to the increase in warehouse service charges and packing material costs. Such increase was in line with the increase in our revenue from air freight forwarding business and e-commerce fulfillment business.

Gross profit increased by approximately 96.1% from approximately HK\$33.0 million for FY2019 to approximately HK\$64.7 million for FY2020. Gross profit margin increased from approximately 8.0% for FY2019 to approximately 13.3% for FY2020. The increase in gross profit was mainly attributable to the increase in gross profit of E-commerce fulfillment business and ancillary logistics business from approximately HK\$2.6 million and HK\$7.2 million for FY2019 to approximately HK\$19.5 million and HK\$19.1 million for FY2020, respectively. The increase in gross profit margin was mainly attributable to the increase in gross profit margin of E-commerce fulfillment business and logistics business for FY2020 which are used to be our profitable segments.

Other income

Other income increased significantly by approximately HK\$9.0 million, or 9,000% from approximately HK\$0.1 million for FY2019 to approximately HK\$9.1 million for FY2020. The increase in other income mainly due to a one-off government subsidy under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region by approximately HK\$8.3 million.

Other gains and losses, net

The Group recorded other losses of approximately HK\$0.3 million for FY2019 and approximately HK\$2.3 million for FY2020, representing an increase in other losses of 666.7%, which was mainly due to loss on disposals of property, plant and equipment of approximately HK\$2.0 million.

Administrative expenses

Administrative expenses decreased slightly by approximately 7.0% from approximately HK\$45.5 million for FY2019 to approximately HK\$42.3 million for FY2020. The decrease in administrative expenses was mainly due to the decrease in our legal and professional fees by approximately HK\$1.7 million.

Finance costs

Our finance costs represent interest expenses on bank borrowings and finance lease, which amounted to HK\$5.9 million (2019: HK\$7.0 million). The range of effective interest rate on our bank borrowings is from 2.0% to 4.6%. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.3% to 6.1% per annum during FY2020 (FY2019: 3.3% to 6.1%).

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2019 and FY2020, respectively. The income tax expense of the Group for FY2020 was HK\$1.4 million (2019: income tax credit of HK\$0.6 million).

Profit/(loss) attributable to owners

For FY2020, the Group recorded a profit attributable to owners of the Company of approximately HK\$11.2 million as compared to the loss attributable to owners of the Company of approximately HK\$18.1 million for FY2019. The increase in profit and total comprehensive income was mainly due to the increase in gross profit margin for our E-commerce fulfillment and logistics business for FY2020.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 December 2020 was 0.64 times as compared to that of 0.50 times as at 31 December 2019. The increase was mainly due to increase in trade receivables and deposits. As at 31 December 2020, the Group had total bank balances and cash of approximately HK\$8.2 million (2019: approximately HK\$4.0 million). The gearing ratio, calculated based on the total obligations under bank borrowings divided by total equity at the end of the year and multiplied by 100%, stood at approximately 249.3% as at 31 December 2020 (2019: approximately 324.0%). With available bank balances, cash and bank credit facilities and financial support of controlling Shareholder, the Group has sufficient liquidity to satisfy its funding requirements.

COMMITMENT

As at 31 December 2020, the Group did not have any material capital commitment (2019: HK\$Nil).

CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange on 7 October 2016 (the “**Listing**” and the “**Listing Date**”, respectively). There has been no change in the Company’s capital structure since the Listing up to the date of this announcement. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group’s capital structure regularly. As part of the review, the Directors would consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares as well as the repayment of borrowings.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 4 to the consolidated financial statements in this announcement.

CHARGE ON THE GROUP’S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020, the Group had certain charges on assets which included (i) bank deposits of approximately HK\$17.4 million and (ii) deposits placed in life insurance policies of approximately HK\$111.8 million pledged as collateral for the Group’s bank borrowings and facilities.

The Group has no material contingent liabilities as at 31 December 2020.

MATERIAL ACQUISITIONS AND DISPOSAL

During FY2020, the Group obtained control of its existing joint venture, Jandoor Supply Chain Management Limited (“**Jandoor**”) through its wholly owned subsidiary — Janco Ecommerce Solutions Limited (the “**Jandoor acquisition**”), with effect from the completion of the Jandoor Acquisition, the effective interest of the Group in Jandoor was 50% at nil consideration. Since Jandoor Acquisition was made at nil consideration, Jandoor Acquisition does not constitute a notifiable transaction under Chapter 19 of GEM Listing Rules and was a fully-exempted connected transaction under Chapter 20 of the GEM Listing Rules, which is exempted from shareholders’ approval, annual review and all disclosure requirements.

On 1 January 2020, Janco Global Logistics Limited, a wholly-owned subsidiary of the Company, entered into an agreement with two individual third parties. Pursuant to the agreement, Janco Global Logistics Limited was required to contribute US\$70,000 (equivalent to approximately HK\$543,000) for 7,000 shares in JEC USA, representing 70% of the ordinary shares of JEC USA in issue and, and therefore the Group has 70% profit sharing in JEC USA. However, the decisions on the relevant activities of JEC USA are required to be unanimously approved by Janco Global Logistics and the other two venturers. Therefore, JEC USA is regarded as a joint venture of the Group but not a subsidiary of the Group. During the year ended 31 December 2020, the share of profits in JEC USA of approximately HK\$81,000 was recognised in the share of (losses)/profits of joint venture.

Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures during FY2020.

FUTURE PLANS

In the future, we will continue to expand our e-commerce and fulfillment business. In addition, we are also seeking opportunities to expand our logistics business in Asia by locating different warehouses.

Expecting significant growth in e-commerce revenue in the future, we are constantly improving our selection of solutions to our customers. Our intention is to become a major logistics service provider across the region. We are also enhancing our capability and strengthening our last mile delivery transit time as well as simplifying our e-commerce process to increase our efficiency. We will also continue to capture the growing opportunities arising from cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group’s revenue generating operations are mainly transacted in HK\$ and USD, the Directors consider the impact of foreign exchange exposure to the Group is minimal. The management will consider hedging significant currency exposure should the need arise. As at 31 December 2020, the Group did not have any financial instruments for hedging purpose.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 172 (2019: 149) full time employees. We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions. The Group would conduct review on the remuneration package of the employees regularly.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for (a) investment in its subsidiaries by the Company and (b) a life insurance policy as disclosed below, the Group did not have any significant investments held as at 31 December 2020. Save as disclosed in this announcement, the Group does not have any plans for material investments or capital assets as at 31 December 2020.

INSURANCE POLICY

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

The following table sets forth the movement of the China Taiping Insurance during FY2020:

	Carrying amount as at 31 December 2019 HK\$'000	Disposal during the year HK\$'000	Addition during the year HK\$'000	Accrued interest earned during the year HK\$'000	Carrying amount as at 31 December 2020 HK\$'000	Percentage to the Group's total assets as at 31 December 2020
China Taiping Insurance	<u>104,642</u>	<u>–</u>	<u>–</u>	<u>1,913</u>	<u>106,555</u>	<u>35.4</u>

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help safeguarding the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner in accordance with the requirements of the GEM Listing Rules. The Board has established an audit committee (the “**Audit Committee**”), a nomination committee (the

“**Nomination Committee**”) and a remuneration committee (the “**Remuneration Committee**”) with specific written terms of reference. During the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”), the Company has complied with all the code provisions (other than provision A.2.1) of the CG Code.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ng Chin Hung (“**Mr. Ng**”) is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Ng has been working in freight forwarding, logistics and supply chain industries for more than 35 years, the Board believes that it is in the best interest of the Group to have Mr. Ng taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Having made specific enquiry of all the Directors, and all Directors confirmed that they had fully complied with the Model Code, the Company is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Reporting Period.

Pursuant to rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

COMPETING INTEREST

For FY2020, the Directors were not aware of any business or interest of the Directors, the controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

DIVIDEND

No final dividend for FY2020 is proposed by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**2021 AGM**”) of the Company is scheduled to be held on Friday, 7 May 2021. A notice convening the 2021 AGM will be issued and despatched to the Shareholders according to the Articles of Association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 May 2021 to Friday, 7 May 2021 (both dates inclusive), the period during which no transfer of shares may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the 2021 AGM. In order to be eligible to attend and vote at the 2021 AGM, all transfer forms accompanied by the relevant share certificate(s) should be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 30 April 2021.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 September 2016, with written terms of reference in compliance with rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lee Kwong Chak Bonnio, Mr. Pang Chung Fai Benny and Mr. Chan Fei Fei. Mr. Lee Kwong Chak Bonnio is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2020 and is of the view that the preparation of such statements complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

SCOPE OF WORK OF MCM (HK) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. MCM (HK) CPA LIMITED (“**MCM**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by MCM in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by MCM on the preliminary announcement.

AUDIT OPINION FROM MCM (HK) CPA LIMITED

MCM have expressed an unqualified opinion on the audited consolidated financial statements of the Group for FY2020.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR FY2020

Material Uncertainty Relating To The Going Concern

We draw attention to note 2 to the consolidated financial statements which states that as at 31 December 2020, the Group had net current liabilities of approximately HK\$84,015,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENTS AFTER THE REPORTING PERIOD

On 29 January 2021, the Company was informed by Million Venture, the controlling shareholder of the Company, that it entered into a placing agreement with the placing agent to place up to 144,000,000 Shares to independent third parties, representing 24% of the then issued share capital of the Company, at the placing price of HK\$0.15 per Share. On 23 February 2021, the placing was completed and Million Venture's interest in the Company was reduced to 306,000,000 Shares, representing 51% of the issued share capital of the Company. For further information, please refer to the announcements of the Company dated 29 January 2021 and 23 February 2021.

The outburst of COVID-19 has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group.

Other than the above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2020 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.jancofreight.com and the GEM's website at www.hkgem.com. The 2020 annual report of the Company will be despatched to the Shareholders and available on the above websites.

APPRECIATION

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

By order of the Board
Janco Holdings Limited
Ng Chin Hung
Chairman and Executive Directors

Hong Kong, 19 March 2021

As at the date of this announcement, the executive Directors are Mr. Ng Chin Hung, Mr. Cheng Tak Yuen and Mr. Tai King Fung; and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnio, Mr. Pang Chung Fai Benny and Mr. Chan Fei Fei.

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

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