Janco Holdings Limited
駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035

2017
Annual Report

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*This report, 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 annual 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 annual report misleading.*

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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
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PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HONG KONG LEGAL ADVISER

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8 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

Lego Corporate Finance Limited
Room 1601, 16th Floor, China Building
29 Queen's Road Central
Central
Hong Kong

AUDITOR

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

COMPANY'S WEBSITE

www.jancofreight.com

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors ("**Board**") of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2017.

In 2017, the Group experienced a year full of opportunities and challenges. The global freight forwarding industry was influenced by uncertain political and economic events, such as Brexit negotiations, slowdown of export from China and increasing oil price. Such uncertainties led to decrease in demand of freight forwarding services, and therefore the Group experienced keen competition in the freight forwarding industry. On the other hand, the increasing oil price in 2017 led to increase in sea freight and air freight costs charged by shipping companies and airlines, which significantly affected the profit margin of the Group.

In order to cope with keen competition and economic uncertainties, the Group has tried to diversify its business and expand its customer base. In 2017, the Group established new E-commerce business including e-commerce business in the United Kingdom and other European countries, which made significant contribution to the increase in revenue of the Group in 2017.

2018 OUTLOOK

Looking forward, we expect that there will also be keen competition in the freight forwarding industry. In order to sustain the business growth of the Group, we will continue to expand our core business in the logistics industry by focusing more on E-commerce services in European countries, Australia and the United States. In addition, we will also develop other logistics-related business such as courier services and e-commerce business. We believe that we can expand our business by identifying our customers' needs and providing one-stop services to them.

Furthermore, we plan to explore and diversify our portfolio in upgrading our in-house customized IT systems in order to offer more services.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our Shareholders, business partners and customers for their great and continuous support, and I also want to appreciate all employees of the Group for their hard work and contributions over the years. We will strive to achieve a better future through our joint efforts.

Cheng Hon Yat
Chairman and Chief executive officer

Hong Kong, 19 March 2018

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 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 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.

Our competitive strengths are key factors contributing to our success to date. 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. For the years ended 31 December 2016 ("**FY2016**") and 31 December 2017 ("**FY2017**"), our total revenue amounted to approximately HK$220.9 million and HK$351.1 million, respectively. Our profit attributable to the shareholders of the Company ("**Shareholders**") amounted to approximately HK$1.7 million for FY2017, while our loss attributable to the Shareholders for FY2016 amounted to approximately HK$2.5 million which was primarily attributable to the non-recurring listing expenses incurred of approximately HK$16.4 million (2017: HK$Nil).

Revenue

We generate revenue from the provision of our core freight forwarding services and our ancillary logistics services (including the newly developed 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$220.9 million and HK$351.1 million for FY2016 and FY2017, respectively. Our growth in total revenue from FY2016 to FY2017 was primarily attributable to the growth in revenue from our air freight forwarding, ancillary logistics services and E-commerce business.

The following table sets forth a breakdown of our revenue by business segment during FY2016 and FY2017:

Revenue by business segment

	Year ended 31 December			
	2017		2016	
	HK$'000	**%**	HK$'000	%
Freight forwarding —	**214,233**	**61.0**	185,586	84.0
Air freight	**105,281**	**30.0**	87,759	39.7
Ocean freight	**108,952**	**31.0**	97,827	44.3
Logistics	**52,789**	**15.0**	35,342	16.0
E-commerce	**84,119**	**24.0**	–	–
Total	**351,141**	**100.0**	220,928	100.0

Revenue of the Group increased by approximately 58.9% from approximately HK$220.9 million for FY2016 to approximately HK$351.1 million for FY2017. The increase in revenue was mainly contributed by the increase in revenue from air freight forwarding services, ancillary logistics services and E-commerce services.

The increase in revenue from air freight forwarding services was mainly due to the overall increase in air freight charges resulting from the increase in fuel price.

Revenue from our ancillary logistics services increased for FY2017 mainly due to the increase in sales of our ancillary logistics services to our customers including a U.S. based major customer.

In FY2017, we have established E-commerce business through Europe-based websites, which contributed approximately HK$84.1 million revenue for FY2017 (FY2016: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales and Gross Profit

Cost of sales by business segment

	Year ended 31 December			
	2017		2016	
	HK$'000	**%**	HK$'000	%
Freight forwarding —	**178,443**	**58.7**	134,502	80.0
Air freight	**91,827**	**30.2**	74,086	44.0
Ocean freight	**86,616**	**28.5**	60,416	36.0
Logistics	**42,709**	**14.0**	33,716	20.0
E-commerce	**83,104**	**27.3**	–	–
Total	**304,256**	**100.0**	168,218	100.0

Cost of sales increased by approximately 80.9% from approximately HK$168.2 million for FY2016 to approximately HK$304.3 million for FY2017. The increase in cost of sales was mainly attributable to the increase in local handling and documentation charges, lease payments for our warehouses and increase in freight charges resulting from the increase in fuel price. In addition, our newly developed E-commerce business also contributed to the increase in cost of sales in FY2017.

Gross profit and gross profit margin by business segment

	Year ended 31 December			
	2017		2016	
	HK$'000	**%**	HK$'000	%
Freight forwarding —	**35,970**	**16.8**	51,084	27.5
Air freight	**13,454**	**12.8**	13,673	15.6
Ocean freight	**22,336**	**20.5**	37,411	38.2
Logistics	**10,080**	**19.1**	1,626	4.6
E-commerce	**1,015**	**1.2**	–	–
Total	**46,885**	**13.4**	52,710	23.9

Gross profit decreased by approximately 11.0% from approximately HK$52.7 million for FY2016 to approximately HK$46.9 million for FY2017. Gross profit margin decreased from approximately 23.9% for FY2016 to approximately 13.4% for FY2017. The decrease in gross profit and gross profit margin was mainly due to the increase in shipment volume and the increase in cost of sea cargo spaces charged by our suppliers. In FY2017, our strategy to offer lower freight charges to two of our major customers as an incentive for them to place more orders with us, which also caused the gross profit and gross profit margin to decrease.

In addition, the gross profit margin for newly developed courier and E-commerce business is lower than freight forwarding and logistics business, which is approximately 1.2%. Therefore, it contributed to the decrease in gross profit margin of the Group for FY2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Our other income increased by around 1,028.6% from approximately HK$7,000 for FY2016 to approximately HK$79,000 for FY2017, which mainly consisted of interest income from bank deposits and other sundry income.

Other gains and losses, net

Our other gains and losses, net increased by around 269.7% from a loss approximately HK$76,000 for FY2016 to a loss of approximately HK$281,000 for FY2017, which mainly consisted of net exchange gains or losses and gain on disposal of property, plant and equipment.

Administrative expenses

Administrative expenses increased by approximately 20.9% from approximately HK$35.5 million for FY2016 to approximately HK$42.9 million for FY2017. 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 FY2017.

Finance costs

Our finance costs represent interest expenses on bank borrowings and finance lease. Our bank borrowings carry variable interest rate at Hong Kong Interbank Offered Rate plus a spread ranging from 2% to 2.5%. The range of effective interest rate on our bank borrowings is from 3.21% to 3.72%. Interest rates underlying all obligations under our finance lease were fixed at respective contract rates ranging from 3.28% to 6.12% per annum during FY2017 (FY2016: 3.28% to 5.50%).

Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during FY2016 and FY2017, respectively.

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

For FY2017, the Group recorded a profit attributable to owners of the Company of approximately HK$1.7 million as compared to a loss of approximately HK$2.5 million for FY2016. Such a loss was mainly due to the recognition of the one-off listing expenses of approximately HK$16.4 million during FY2016 (FY2017: HK$Nil). Excluding such one-off listing expenses, the Group would have recorded a profit attributable to owners of the Company of approximately HK$13.9 million for FY2016.

DIVIDEND

No final dividend for FY2017 was proposed by the Board (2016: HK$Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 December 2017 was 2.1 times as compared to that of 5.3 times as at 31 December 2016. The decrease was mainly due to decrease in cash at bank which had been used for operation and business development. As at 31 December 2017, the Group had total bank balances and cash of approximately HK$7.0 million (2016: HK$27.7 million). In addition, the Group had approximately HK$2.0 million obligations under finance lease as at 31 December 2017 (2016: HK$1.0 million). The gearing ratio, calculated based on the total obligations under finance lease and bank borrowings divided by total equity at the end of the year and multiplied by 100%, stood at approximately 46.8% as at 31 December 2017 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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$22.9 million as at 31 December 2017 (2016: approximately HK$40.9 million).

As at 31 December 2017, the Group did not have any material capital commitments (2016: 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. 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 this 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 5 to the consolidated financial statements.

CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

The Group has no charge on the Group's assets and the Group has no material contingent liabilities as at 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSAL

During FY2017, 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.

Save as disclosed above, during FY2017, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS

In the future, we will continue to expand our newly established E-commerce business through other Europe-based, Australian-based and the United States-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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 31 December 2017, the Group employed 128 (2016: 108) 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.

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 to 31 December 2017 is set out below:

Business objectives	Actual progress
Further developing the Group's freight forwarding business	The Group has used HK$10.8 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 HK$10.5 million for recruiting 33 relevant staff, purchase of computer equipments, warehouse renovation and to further developing the Group's logistics business including E-commerce business by gaining new customers.
Further enhancing the Group sales and marketing effort	The Group has used HK$2.5 million for recruiting 16 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 31 December 2017. Save as disclosed in the Prospectus or otherwise in this annual report, the Group does not have any plans for material investments or capital assets as at 31 December 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 31 December 2017 was approximately HK$12.4 million. In achieving the above business objectives, the Group has utilized 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.

MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the planned amount utilised up to 31 December 2017 is set out below:

	Adjusted use of actual net proceeds in the same manner and proportion as stated in the Prospectus up to 31 December 2017 HK$ million	Actual utilised amount as at 31 December 2017 HK$ million	Unutilised amount out of the planned amount as at 31 December 2017 HK$ million
Further developing the Group's freight forwarding business	10.8	10.8	–
Further developing the Group's logistics business	10.5	10.5	–
Further enhancing the Group's sales and marketing effort	2.5	2.5	–
General working capital or other corporate purposes	1.2	1.2	–
	25.0	25.0	–

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheng Hon Yat, aged 57, is a founder of the Group and one of the controlling shareholders of the Company. He was appointed as the Director on 12 November 2015 and was re-designated as our executive Director on 8 April 2016. He also serves as the chairman of the Board and our chief executive officer. He is responsible for overseeing the overall corporate development, strategic planning and management of the Group.

Mr. Cheng has extensive experience in the freight forwarding and logistics industries and has engaged in such industries for over 35 years. Prior to establishing the Group in 1990, he worked as a clerk in Maersk Line (Hong Kong) Limited, being a company engaging in the provision of container shipping and terminals, freight forwarding services and logistics services, from September 1980 to August 1983. From August 1983 to October 1985, he worked as a sales manager in Hanford International Transport Limited, being a company engaging in freight forwarding. From October 1985 to April 1986, he worked as a sales manager in South East Cargo Services Limited, being a company engaging in freight forwarding. From April 1986 to November 1990, he worked as a branch manager in CF Ocean Service (Hong Kong) Limited, being a company engaging in freight forwarding. He was a director of JFX Limited ("**JFXL**") from November 1991 to February 2016. He currently serves as a director of all of our subsidiaries.

Mr. Cheng is currently a member in the logistics services advisory committee of the Hong Kong Trade Development Council. He completed his secondary education in 1979.

Mr. Chan Kwok Wai, aged 44, was appointed as the executive Director on 8 April 2016 and he also serves as the sales director of the Group. He is responsible for overseeing the freight forwarding business of the Group including daily business operations and developing and implementing strategic sales and marketing plans.

Mr. Chan has around 25 years of experience in the freight forwarding and logistics industries and over 20 years of experience in sales and marketing in such industries. Prior to joining the Group, he worked as a shipping clerk in Maersk Hong Kong Limited, being a company engaging in the provision of container shipping and terminals, freight forwarding services and logistics services from July 1991 to March 1993. He joined JFXL in April 1993 as a sales executive. He was promoted to assistant sales manager, sales manager and sales director of JFXL in January 1994, January 1995 and January 1999, respectively, and was later transferred to Janco Global Logistics Limited ("**Janco Global Logistics**") in September 2015.

Mr. Chan completed his secondary education in 1990s.

Mr. Lo Wai Wah, aged 47, was appointed as the executive Director on 8 April 2016 and he also serves as the logistics director of the Group. He is responsible for overseeing the logistics business of the Group including daily operations of the warehouses and the overall development of the logistics business.

Starting his career in quality assurance services field, Mr. Lo switched his career path to the logistics industry in 2000. Prior to joining the Group, he worked in TNT Express Worldwide (HK) Limited, being a company engaging in the provision of express and freight delivery services, from May 2000 to August 2005 with the last position as assistant duty operations manager. From August 2005 to December 2005, he worked as a duty manager in DHL Aviation (Hong Kong) Limited, being a company engaging in express logistics business. He joined JFXL in September 2006 as a logistics manager and was later transferred to Janco Logistics (HK) Limited in May 2014. He was promoted to logistics director of the Group in April 2016.

Mr. Lo graduated from City Polytechnic of Hong Kong with a bachelor's degree of arts in business studies in November 1993. He obtained a diploma in integrated certificate of shipping, import and export practice from School of Continuing Education in August 1998 and a dangerous goods diploma in initial training in dangerous goods handling from Cathay Pacific Airways Training School in Hong Kong in June 2005. He further obtained a master's degree of arts in international business management from City University of Hong Kong in November 2000 and a master's degree of science in industrial logistics systems from The Hong Kong Polytechnic University in December 2005.

Mr. Yau Sze Yeung, aged 40, was appointed as the executive Director on 8 April 2016 and he also serves as the financial controller and company secretary of the Group. He is responsible for overseeing the overall accounting and financial management and company secretarial matters of the Group.

Prior to joining the Group, Mr. Yau worked in Deloitte Touche Tohmatsu from September 2001 to October 2009 with the last position as manager. He worked in Man Wah Holdings Limited, being a company listed on the Stock Exchange (stock code: 1999) engaging in the production and sales of recliner sofas, as the financial controller from October 2009 to June 2011 and as the company secretary from December 2009 to June 2011. From June 2011 to July 2012, he worked as the chief financial officer in Interior Contract International Limited, being a company engaging in fitting-out decoration and contracting. From August 2012 to April 2015, he worked as the financial controller in Akei Plastic- Machine Manufactory Limited, being a company engaging in manufacturing extrusion blow moulding machines. Mr. Yau joined JFXL in July 2015 as the financial controller and was later transferred to Janco Global Logistics in September 2015.

Since 22 February 2017, Mr. Yau has been appointed as the independent non-executive director of Chi Ho Development Holdings Limited (Stock Code: 8423), being a company engaging in provision of renovation maintenance, alternation and addition works and listed on GEM.

Mr. Yau obtained a bachelor's degree of business administration in accountancy from City University of Hong Kong in November 2001. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Siu Wing Hay, aged 43, was appointed as the independent non-executive Director on 23 September 2016. He is the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Board.

Mr. Siu has extensive experience in corporate finance industry and has engaged in such industry for over 19 years. He worked in Lippo Securities Holdings Limited from September 1997 to October 1998 and Horwath Capital Asia Limited from March 1999 to September 1999, both as corporate finance executive. From September 1999 to June 2011, he worked in Cinda International Capital Limited with the last position as executive director. He worked in Messis Capital Limited from June 2011 to December 2016 as managing director and responsible officer. Mr. Siu has worked for Red Sun Capital Limited as managing director and responsible officer since January 2017.

Mr. Siu obtained a bachelor's degree of business administration in finance from The Hong Kong University of Science and Technology in November 1997. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2003. He was admitted as a member and a fellow of The Association of Chartered Certified Accountants in May 2001 and May 2006, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Yee Lut, Eliot, aged 45, was appointed as the independent non-executive Director on 23 September 2016. He is the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Board.

Mr. Wong has over 20 years of experience in financial practice. From March 1996 to July 2002, he worked as a manager in the accounting and financing department of Mitsubishi Australia Limited, being a subsidiary of Mitsubishi Corporation which is a global integrated business enterprise. He was then transferred to work in Shanghai Liangling Logistics in Shanghai, being a subsidiary of Mitsubishi Corporation, as an assistant general manager from July 2002 to July 2004. From July 2004 to October 2006, he worked as the China financial controller in Hogg Robinson Group, being an enterprise engaging in corporate business travel. In October 2006, he joined Suzhou Modern Terminals Limited, being a container terminal operator, as the financial controller. He was later transferred to Modern Terminals Limited, being a container terminal operator, in August 2011 and his current position is general manager for group finance.

Mr. Wong obtained a bachelor's degree of commerce from La Trobe University in Australia in April 1995. He completed a programme in executive master of business administration and obtained a master's degree in business administration from The Chinese University of Hong Kong in November 2015. He has been a Certified Practising Accountant of CPA Australia since March 2000.

Mr. Luk Kin Ting, aged 33, was appointed as the independent non-executive Director on 23 September 2016. He is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Board.

Mr. Luk was admitted as a solicitor in Hong Kong in October 2014. From August 2011 to July 2013, he worked in Vivien Chan & Co. as a trainee solicitor, primarily responsible for commercial, intellectual property issues and civil litigation matters. He has been travelling out of Hong Kong since then until he worked in Grandtone Engineering Limited, being a company engaging in construction, in February 2016. His current position in that company is vice president. From May 2016 to January 2017, he worked in K. K. Lai & Co., being a solicitors firm, as a consultant solicitor. He has also been working in Tennex Consultants Limited, being a company engaging in consultant and secretarial services, as an executive director since March 2016 and in PressLogic Limited., being a company engaging in electronic publication, as a vice president since November 2016.

Since January 2018, he has been working in H. Y. Leung & Co., being a solicitors firm, as a consultant solicitor.

Mr. Luk obtained a bachelor's degree of business administration in economics and accounting from The Hong Kong University of Science and Technology in April 2007. He obtained a Juris Doctor's degree from The Chinese University of Hong Kong in December 2009. He subsequently obtained a Postgraduate Certificate in Laws from The Chinese University of Hong Kong in July 2010 and a master's degree of laws in corporate law from the New York University in the U.S. in May 2011.

Since 30 June 2016, Mr. Luk has been appointed as the independent non-executive director of KOALA Financial Group Limited (formerly known as Sonavox International Holdings Limited until 4 January 2011 and Sunrise (China) Technology Group Limited until 19 May 2017) (Stock Code: 8226), being a company engaging in environmental-related businesses and listed on GEM.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Chi Kit, aged 73, was appointed as an independent non-executive Director of the Company on 13 March 2017. He is the member of the audit committee, remuneration committee and nomination committee of the Board.

Mr. Lau retired from The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") in December 2000 after more than 35 years of service. Among the senior positions he held in HSBC, he was the assistant general manager and head of personal banking Hong Kong and assistant general manager and head of strategic implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers (the "**Institute**"). He was the chairman of the Institute's executive committee (from January 1999 to December 2000) and is currently the honorary advisor of the Institute's executive committee. He has served as a member of a number of committees appointed by the Government of Hong Kong, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Sub-committee (from February 1990 to March 2006). He has also served as the chairman of Business Environment Council Limited (from September 1998 to December 2001).

Currently, he is also an independent non-executive director of Royale Furniture Holdings Limited (stock code: 1198) , Leoch International Technology Limited (stock code: 842), Century Sunshine Group Holdings Limited (stock code: 509), Hin Sang Group (International) Holding Co. Ltd. (stock code: 6893). He is also an executive director of Chinlink International Holdings Limited (stock code: 997). The shares of all these companies are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Ms. Leung Yui Yee Windy, aged 51, is the sea freight manager of Janco Global Logistics and is mainly responsible for managing the ocean freight forwarding division including business development of cargo consolidation and pricing control of the ocean freight forwarding business.

Ms. Leung has over 25 years of experience in the freight forwarding industry. Prior to joining the Group, she worked as an operation supervisor in Air Sea Worldwide Logistics Limited, being a company engaging in the provision of ocean and air freight forwarding services and logistics services, from February 1991 to August 1992. From September 1992 to August 2011, she worked in Ensign Freight Limited, being a company engaging in the provision of ocean and air freight forwarding services and logistics services, with the last position as assistant manager in operation and customer service division. From September 2011 to May 2013, she worked as a marketing and sea operation manager in Oriental Sea Transport Service Limited, being a freight forwarding company. From May 2013 to June 2015, she worked as a Hong Kong station manager in RS Logistics Limited, being a freight forwarding and logistics service provider.

Ms. Leung obtained a professional diploma in logistics and import-export management from The Hong Kong Management Association in August 2008 and a bachelor's degree in business administration through distance learning from University of Management and Technology in the U.S. in September 2015.

COMPANY SECRETARY

Mr. Yau Sze Yeung is the company secretary of our Company. Details of his qualifications and experience are set out in the paragraph headed "Executive Directors" in this section.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report (the "**ESG Report**") is released by the Group pursuant to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") under Appendix 20 to the GEM Listing Rules, which sets out the Company's policies and practices in various aspects relating to environmental protection, working environment and community involvement for FY2017.

ENVIRONMENTAL PROTECTION

The Group undertakes environmental protection as part of its corporate responsibilities, and it is fully aware of the importance of sustainable environmental development in achieving sustainability in its operations. The Group has implemented a number of measures such as reducing carbon emission, increasing energy efficiency and conserving water resources in order to deliver our commitment to environmental protection. For FY2017, the Group is not aware of any material non-compliance with applicable standards, rules and regulations relating to the aspects discussed in this report.

Emissions

The Group has enhanced its management of emissions through technological and recycling solutions that seek to reduce the emission of relevant pollutants and greenhouse gases, waste and water management. To reduce emissions from our vehicle fleets, the Group has acquired more efficient and environmental friendly trucks for our logistics business. In addition, in order to minimize greenhouse gas emission, the Group has developed business trip policy to avoid unnecessary travelling. Greenhouse gas emissions are indirectly generated from electricity consumed at the Group's workplace with minimal emissions.

The Group does not primarily engage in businesses which produce a large amount of industrial wastewater. Our wastewater mainly comes from the discharge of domestic wastewater from our offices and warehouses. The Group has established a sewage treatment program to manage sewage discharge and reduce the impact on the environment. The Group did not find any records of significant waste disposal disposed of at landfills in FY2017.

Waste Management

The Group has adopted the policy to reduce the use of paper in office. Internally, the Group encourages our employees to use recycle paper for internal documents and use electronic copy instead of printed copy for filing purpose. In addition, the Group sends our invoices and statements to our customers through electronic means.

The Group always uses carton boxes when provide repacking services to our customers and in FY2017, the Group has used 1.59 tonnes packaging material for our repacking services. In order to reduce the wastage of the carton boxes, the Group encourages our staff to fully utilities the space of each carton box when the Group repack the products. The Group also ensures that all carton boxes are reused. The operating activities of the Group have not produced any hazardous wastes.

Use of Resources

The Group values and encourages the economic and efficient use of resources, while enhancing its recycling efforts to prevent the waste of resources.

Energy
The Group has established and implemented various energy saving measures to improve energy efficiency and reduce energy consumption of the Company's operations. The Group has used LED or other energy efficient luminaire in newly renovated offices and warehouses and adjusting the operating schedule of the air-conditioning and lighting system in warehouses. The Group has implemented and will continue with our plans to modernise and replace existing technologies with more energy-efficient, environmentally sensitive alternatives.

In FY2017, the Group's energy consumption was 417.2 MWh of electricity in total and 3.2 MWh per employee.

Water Management
Water management is not a material area for freight forwarding and logistics business, and the Group has provided internal guidelines to our employees to use water resources effectively in order to reduce water wastage. The impact of the Group on the environment and natural resources is not significant.

The Environment and Natural Resources
The Group's operating activities have no direct or significant impact on the environment and natural resources. In order to minimize the use of natural resources, the Group promotes various measures to reduce the emissions from daily operation and save energy consumption. For details please refer to the paragraphs headed "Emissions", "Waste Management" and "Energy" of this section.

SOCIAL
The Group aims to build a harmonious and prosperous community environment. Focusing on areas such as employment and labour regulations, operational practices and social participation, the Group sets out to build a mutually beneficial relationship with relevant social organisations and individuals, including the Group's investors, staff members, clients, suppliers, communities as well as the public and governing authorities. The Group remains committed to maximising corporate benefits, which form a part of comprehensive benefits for the society.

Employment
The Group believes that our long-term growth depends on the expertise, experience and development of the Group's employees. The salaries and benefits of the Group's employees depend primarily on their duty, position, contributions, length of service with the Group and local market conditions. In order to improve our employees' skills and technical expertise, the Group provides regular training to our employees.

The Group mainly recruits through recruitment advertisements. The Group aims to attract, motivate and retain the best people for the Group's business operations. To achieve this, the Group provides a market competitive employment package consisting of monetary and non-monetary rewards for all the Group's employees. The Group's comprehensive reward system offers discretionary incentive bonus scheme, sales commission and group medical insurance protection. Share options may also be offered to eligible employees.

The Group has established and implemented the employee handbook, which contains our policies relating to human resources, covering areas such as compensation and dismissal, recruitment and promotion, working days and hours, rest periods, and other benefits as well as welfare for our employees in accordance with the applicable laws. The Group strictly complies with the above said relevant standards, rules and regulations. In FY2017, the Group was not aware of any material non-compliance with the relevant standards, rules and regulations that have a significant impact on the Group relating to the above-mentioned areas.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at 31 December 2017, the Group had a total of 128 employees (2016: 108) all located in Hong Kong, and the staff turnover rate is 4.18% (2016: 4.15%). The following table sets forth the number and breakdown of the Group's full-time employees as at 31 December 2017:

Workforce	Staff size	Total number of persons (percentage)
By Gender		
Male	Person	74 (57.8%)
Female	Person	54 (42.2%)
Total	Person	128 (100%)
By Age Group		
Under 30 years old	Person	29 (22.7%)
30–50 years old	Person	83 (64.8%)
Over 50 years old	Person	16 (12.5%)
Total	Person	128 (100%)
BY Staff Category		
Management	Person	2 (1.6)%
Finance and administrative	Person	20 (15.6)%
Sales	Person	11 (8.6)%
Operations	Person	95 (74.2)%
Total	Person	128 (100%)

Health and Safety

The Group constantly complies with the internal safety policy to ensure the Group's safe operations and it contains a series of safety measures required to be taken.

In 2017, the Group implemented the procedures, rules and regulations under the Group's safety policy throughout the year, and the Group did not encounter any case about work-related fatality nor record any lost day due to work injury. The process of the safety measures implementation will be reviewed regularly and supervised by spot check by the supervisors designated by the senior management.

The Group strictly adheres to all applicable labour legislations. No violation of labor laws was recorded during FY2017.

Development and Training

The Group attaches great importance to the improvement of staff quality and their relevant expertise, and works out training programs in a scientific manner for the employees of each position based on their business needs. In 2017, training activities provided by the Group to employees include:

— induction training for new staff;
— in-service and transferred staff skills training;
— professional job skills enhancement and technical backbone staff training;
— learning exchange opportunities like academic seminars and external specialized training organized by professional institutions; as well as training seminars organized by professionals;
— training by in-house trainers.

The Group's statistics of staff training by staff gender, age and category completed during FY2017 is set out below:

Workforce	Staff size	Total number of persons trained (percentage)
By Gender		
Male	Person	74 (57.8%)
Female	Person	54 (42.2%)
Total	Person	128 (100%)
By Age Group		
Under 30 years old	Person	29 (22.7%)
30–50 years old	Person	83 (64.8%)
Over 50 years old	Person	16 (12.5%)
Total	Person	128 (100%)
By Staff Category		
Management	Person	2 (1.6)%
Finance and administrative	Person	20 (15.6)%
Sales	Person	11 (8.6)%
Operations	Person	95 (74.2)%
Total	Person	128 (100%)

In FY2017, the average training hour per staff was 3 hours.

Equal Opportunities, Diversity and Anti-discrimination

The Group is an equal opportunities employer. The Group employment practices do not discriminate on grounds of gender, disability, pregnancy, family status, race, colour, religion, age, sexual orientation, national origin, trade union membership or other conditions recognized in law.

Labour Standards

The Group complies with the relevant requirements of national laws and regulations in its recruitment activities and clarify the relationship of work allocation between employers and employees from the perspective of system and mechanism. All employees are trained to follow Personal Data (Privacy) Ordinance to ensure all personal data is protected against unauthorised access. Moreover, the Group safeguards its employees' legal rights and interests and rigorously forbids child and forced labor.

The Group will conduct comprehensive self-examination in regard of employment matters from time to time to prevent any potential non-compliance. During FY2017, the Group has not identified any non-compliance case involving child or forced labour.

OPERATIONAL PRACTICES

The Group provides its customers with freight forwarding and logistics services in accordance with operational practices based on local and international laws. All staff members of the Group are required to abide by internal and external codes of integrity and conduct; any form of bribery, fraud, competitive conduct and corruption is strictly prohibited. Corporate reputation and product liability are of great importance to the Group, which is why the Group insists on purchasing from its shortlisted suppliers.

Supply Chain Management

Due to the Group's business nature, its supply chain has no significant adverse impact on the environment or society. The Group will continuously assess its business operations to reduce any possible negative impact on the environment and society. The Group has established and operated a material procurement management system and a supplier management system. Based on the material requirement plans developed by the respective production departments and the categories of materials required, the Group usually purchases materials through price rationing and sentinel procurement; the Group will shortlist and handpick suppliers through a screening and evaluation process based on quality and price.

Product Liability

The Group is open to supervision from its customers and the public and is committed to offering quality services to its customers in accordance with applicable local and international laws. The Group sets out to deliver on its commitment to quality services, and undertakes not to profiteer through fraudulent or deceitful actions targeting on consumers. In FY2017, the Group did not have any products shipped and subject to recalls for safety and health reasons.

The Group has formed a customer service team to handle customers' enquiries to ensure customers' satisfaction, and our management level staff will handle customers' complaints. During FY2017, the Group has received less than 10 complaints and most of them have been resolved. Once we received a complaint, our customer service staff would handle the case to understand the customers's concerns and deal with the requests.

The Group exercises caution in its daily operations to safeguard client information, protect client information from unauthorised access, usage and leakage through various safety technologies and procedures. Usage of personal data is only permitted as legally prescribed under the Personal Data (Privacy) Ordinance (Chapter 486 of Laws of Hong Kong), and only for related purposes. The Group makes sure that the personal and business data of our customers are properly applied, for authorised business purposes only, and accessible only by staff members to whom such information is deemed necessary. Furthermore, the Group adopts client management measures while appointing designated staff to be in charge of client data maintenance. During FY2017, the Group was not aware of any material non-compliance with the relevant standards, rules and regulations in this aspect.

Bribery, corruption and other misconduct

The Group's employee handbook regulates the Group's employees' conduct with respect to conflicts of interest, bribery, corruption and other misconduct. The Group provides regular training for our employees to emphasise the importance of employees' conduct and refresh their knowledge on the reporting system on employees' misconduct. An effective whistle blowing policy is also in place to minimise the risk of fraudulent acts, criminal offences or wrongdoings occurring in the workplace. The Group's employees can lodge complaints and report any suspicious activities to the management of the Company either verbally or in writing. The Group advocates a confidentiality mechanism to protect the whistle-blowers. The Group will take further actions for any suspected cases after investigation, including termination of employment and reporting to the relevant authorities. The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact on the issuer relating to bribery, extortion, fraud and money laundering in FY2017. There was no legal case concerning corruption brought against the Group or its employees in FY2017.

OUR COMMUNITY

The Group strives to build a corporate-community relationship that promotes harmony and prosperity; not only does the Group try to understand the needs of the community in which it operates by actively participating in community activities, it also takes concrete actions to ensure that community interests are considered when carrying out operational activities of the Group.

Community involvement

The Group has been playing an active role in taking up its social responsibilities and it takes promoting the harmonious social development as an important direction for the corporate's long-term development. The Group also devotes sustained efforts to public welfare charity activities so as to serve the communities; these efforts include, but are not limited to, establishing relief fund for the needy in the surrounding communities where the Group's subsidiaries are located and the provision of educational assistance funds. In FY2017, the Group has formulated "Janco Volunteering Team" which organized community activities and services, such as selling flags and visiting the elderly. Furthermore, the Group provided financial assistance to the sick and retired employees who have contributed to the enterprise, and their close relatives.

CORPORATE GOVERNANCE REPORT

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 to balance 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 2017 to 31 December 2017 (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 role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Hon Yat ("**Mr. Cheng**") is the chairman of the Board 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.

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 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.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

The business and affairs of the Group is governed by the Board which has the responsibility of leading and monitoring business and affairs of the Group. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's business and affairs. As at the date of this annual report, the Board comprises eight Directors including four executive Directors and four independent non-executive Directors. Up to the date of this annual report, the Board's composition is as follows:

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

Details of the chairman and the other Directors are set out in the section headed "Directors and Senior Management" of this annual report.

In compliance with rules 5.05(1), (2) and 5.05A of the GEM Listing Rules, the Company has appointed four Independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers them to be independent in accordance with the various guidelines set out in rule 5.09 of the GEM Listing Rules.

With the various experience of both the executive Directors and the independent non-executive Directors, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

Save as disclosed in the section headed "Directors and Senior Management" of this annual report, there is no financial, business, family or other material or relevant relationships among members of the Board and senior management.

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year, and the Directors will receive at least 14 days prior written notice of such meetings in compliance with provisions A.1.1 and A.1.3, respectively, of the CG Code. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the documents.

During the Reporting Period, 5 Board meetings was held. The attendance record of each Director at the Board meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Cheng Hon Yat	5/5
Mr. Chan Kwok Wai	5/5
Mr. Lo Wai Wah	5/5
Mr. Yau Sze Yeung	5/5
Independent non-executive Directors	
Mr. Siu Wing Hay	5/5
Mr. Wong Yee Lut, Eliot	5/5
Mr. Luk Kin Ting	5/5
Mr. Lau Chi Kit	5/5

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in provision D.3.1 of the CG Code, such as developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board will hold meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings will be given to all the Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that the Directors are supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable them to discharge their duties.

Every Board member has full access to the advices and services of the company secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

The Board and individual Directors also have separate and independent access to the Company's senior management.

FUNCTIONS OF THE BOARD

The principal functions of the Board include:

— reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

— approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Shares and other equity or debt instruments, considering payment of dividends and other distribution to the Shareholders;

— assessing the risks facing the Group and reviewing and implementing appropriate measures to manage such risks;

— selecting and evaluating the performance and compensation of key management executives;

— approving nominations to the Board;

— reviewing and endorsing the recommended framework of remuneration of the Directors and key management executives by the Remuneration Committee; and

— assuming overall responsibility for corporate governance.

According to provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the management have provided to all the Directors with updates on the position and prospects of the Group, which are considered to be sufficient to allow them to have a balanced and understandable assessment of the Group's performance, position and prospects to serve the purpose required by provision C.1.2.

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the articles of association of the Company (the "**Articles**").

Under provision A.4.1 of the CG Code, the independent non-executive Directors should be appointed for a specific term subject to re-election. Each of the independent non-executive Directors has entered into an appointment letter with the Company commencing from their respective date of appointment and subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in the Articles.

Article 84 of the Articles provides that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the provision A.6.5 of the CG Code, all the Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the Reporting Period, all the Directors have participated in continuous professional development and the relevant details are set out below:

Name of Directors	Attending seminar(s)/ Reading relevant materials in relation to the business or directors' duties Yes/No
Executive Directors	
Mr. Cheng Hon Yat *(Chairman and chief executive officer)*	Yes
Mr. Chan Kwok Wai	Yes
Mr. Lo Wai Wah	Yes
Mr. Yau Sze Yeung	Yes
Independent non-executive Directors	
Mr. Siu Wing Hay	Yes
Mr. Wong Yee Lut, Eliot	Yes
Mr. Luk Kin Ting	Yes
Mr. Lau Chi Kit	Yes

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Report Period, the Company has four independent non-executive Directors to comply with rule 5.05(1) of the GEM Listing Rules. Furthermore, among the four independent non-executive Directors, at least one of them has appropriate professional qualifications or accounting or related financial management expertise as required by rule 5.05(2) of the GEM Listing Rules. In accordance with rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the annual written confirmation of his independence. The Company, based on such confirmations, considers Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot, Mr. Luk Kin Ting and Mr. Lau Chi Kit independent.

BOARD COMMITTEES

During the Reporting Period, to assist the Board in its work, the Board is assisted by three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website http://www.jancofreight.com and the Stock Exchange's website (www.hkexnews.hk).

Audit Committee

The Company has established the Audit Committee on 23 September 2016 in compliance with rule 5.28 of the GEM Listing Rules. As at the date of this annual report, the Audit Committee comprises all the 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. Written terms of reference in compliance with provision C.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment are removal of external auditor and to review and supervise the financial reporting process and internal control and risk management systems of the Group.

During the Reporting Period, 4 Audit Committee meetings was held. The attendance record of each Audit Committee member at the Audit Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Audit Committee meetings
Independent non-executive Directors	
Mr. Siu Wing Hay *(Chairman)*	4/4
Mr. Wong Yee Lut, Eliot	4/4
Mr. Luk Kin Ting	4/4
Mr. Lau Chi Kit	4/4

Remuneration Committee

The Company established the Remuneration Committee which comprises Mr. Luk Kin Ting, Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot and Mr. Lau Chi Kit, with Mr. Luk Kin Ting being the chairman. Written terms of reference in compliance with provision B.1.2 of the CG Code have been adopted. The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management and make recommendations to the Board of the remuneration of independent non-executive Directors.

During the Reporting Period, 1 Remuneration Committee meeting has been held. The attendance record of each Remuneration Committee member at the Remuneration Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Remuneration Committee meetings
Independent non-executive Directors	
Mr. Luk Kin Ting *(Chairman)*	1/1
Mr. Siu Wing Hay	1/1
Mr. Wong Yee Lut, Eliot	1/1
Mr. Lau Chi Kit	1/1

Nomination Committee

The Company has established the Nomination Committee with written terms of reference. The Nomination Committee comprises Mr. Wong Yee Lut, Eliot, Mr. Siu Wing Hay, Mr. Luk Kin Ting and Mr. Lau Chi Kit, with Mr. Wong Yee Lut, Eliot being the chairman. Written terms of reference in compliance with provision A.5.2 of the CG Code have been adopted. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors, and to assess the independence of the independent non-executive Directors.

During the Reporting Period, 1 Nomination Committee meeting has been held. The attendance record of each Nomination Committee member at the Nomination Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Nomination Committee meetings
Independent non-executive Directors	
Mr. Wong Yee Lut, Eliot *(Chairman)*	1/1
Mr. Siu Wing Hay	1/1
Mr. Luk Kin Ting	1/1
Mr. Lau Chi Kit	1/1

ACCOUNTABILITY AND AUDIT

Directors' and auditor's responsibilities for the consolidated financial statements

All the Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for FY2017, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibilities of the Group's auditor, Messrs. Deloitte Touche Tohmatsu, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" of this annual report.

Auditor's remuneration

During FY2017, the remuneration paid or payable to the Group's auditor, Messrs. Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK$'000
Audit services	1,570
Non-audit services for acting as reporting accountant for the Listing and tax service	60
Total	1,630

Internal Control and Risk Management

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the Shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board will from time to time conduct review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management system. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

Company secretary

Mr. Yau Sze Yeung was appointed as the company secretary of the Company on 8 April 2016. Mr. Yau has taken no less than 15 hours of relevant professional training for the year ended 31 December 2017. Please refer to the paragraph headed "Executive Directors" in the section headed "Directors and senior management" of this annual report for his profile.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a share of hands, and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant Shareholders' meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for Shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

(a) any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for the attention of the Board and/or the Company Secretary;

(c) if within 21 days of the deposit of the Requisition the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing the Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, the Shareholders who wish to move a resolution may by means of the Requisition convene an EGM following the procedures set out above.

PROCEDURES FOR NOMINATION OF DIRECTOR

For any Shareholder who wishes to nominate a person to stand for election as a director at any general meeting of the Company, the following documents must be validly served on the company secretary at the Company's principal office in Hong Kong at Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, or sent to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of the general meeting appointed for election of director and end no later than seven days prior to the date of such general meeting:

(a) notice in writing signed by the Shareholder of his/her intention to propose such person for election (the "**Nominated Candidate**");

(b) letter of consent signed by the Nominated Candidate of his/her willingness to be elected; and

(c) the biographical details of the Nominated Candidate as required under rule 17.50(2) of the GEM Listing Rules for publication by the Company.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders could direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from the Shareholders, they may send in written enquiries addressed to the headquarters and principal place of business of the Company in Hong Kong at Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for the attention of the Board and/ or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and the Shareholders, and investors. These include answering questions through the general meetings, the publication of annual, interim and quarterly reports, notices, announcements and circulars on the Company's website at www.jancofreight.com and meetings with investors and the Shareholders. News update of the Group's business development and operation are also available on the Company's website.

Since the Listing and up to the date of this annual report, there had been no change in the Company's constitutional documents.

COMPLIANCE OFFICER

Mr. Cheng Hon Yat was appointed as the compliance officer of the Company on 8 April 2016. Please refer to the paragraph headed "Executive Directors" in the section headed "Directors and senior management" of this annual report for his profile.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for FY2017.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands. 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 headquarters and principal place of business in Hong Kong is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. The Shares were listed on GEM of the Stock Exchange on 7 October 2016.

In the preparation for the Listing, the Company became the holding company of the companies now comprising the Group. Details of the reorganisation of the Group are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the Prospectus.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during FY2017.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" ("**MD&A**") of this annual report from pages 5 to 11. Future development of the company's business is set out in the MD&A and the section headed "Chairman's Statement" in this annual report on page 4.

KEY RISKS AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible. Operational risk may arise when the Group has loss of (i) our customers; and (ii) senior managements employed by the Group which may adversely affect the Group's operations. In the event that the Group fails to identify suitable replacements for senior managements in a timely manner and at reasonable cost, the Group's competitiveness may be impaired and performance could be adversely affected. To retain our customers, we are trying to maintain stable business relationship with our suppliers in order to obtain cargo space at favourable prices, so that we can offer cargo space to our customers at competitive prices.

An analysis of the Group's financial risk management (included market risk, credit risk, and liquidity risk) objectives and policies are provided in note 27 to the consolidated financial statements. Other risks facing the Group are set out in the section headed "Risk Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A fundamental task of the senior management of the Group have always been leading the management to concern about environmental protection, performing social responsibility as an enterprise citizen, strengthening corporate governance, promoting healthy and orderly development of the Group, and creating more economic value and social utility for stakeholders such as consumers, upstream suppliers, downstream distributors, shareholders, potential investors, management, employees, communities and even the environment.

More disclosures regarding our environmental policies and performance are set out in the ESG Report forming part of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During FY2017, the Group has maintained a good relationship with its stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

KEY PERFORMANCE INDICATORS ("KPIS") WITH THE STRATEGY OF THE GROUP

The key financial performance indicators of the Group for FY2017 are set out below:

Strategy	KPIs
Maximise value for the Shareholders	Gross profit margin = 13.4% (2016: 23.9%)
	Return on equity = 1.9% (2016: -2.9%)
Improve the Group's liquidity	Net cash used in operating activities = HK$18.2 million (2016: HK$39.4 million)
	Cash and cash equivalents = HK$7.0 million (2016: HK$27.7 million)

RESULTS

The results of the Group for FY2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 48.

No final dividend for FY2017 was recommended by the Board.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**2018 AGM**") of the Company is scheduled to be held on Wednesday, 9 May 2018. A notice convening the 2018 AGM will be issued and despatched to the Shareholders.

The register of members of the Company will be closed from Wednesday, 2 May 2018 to Wednesday, 9 May 2018 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2018 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 April 2018.

RESERVES

Details of movements in the reserves of the Group during FY2017 are set out in the consolidated statement of changes in equity on page 51 of this annual report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last four financial years is set out on page 100.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed 12.7% (2016: 14.3%) of the total revenue for FY2017 while the Group's top five largest customers accounted for 35.9% (2016: 35.9%) of the total revenue for FY2017.

Since the Group has a very wide base of suppliers, the aggregate purchase attributable to the Group's top five largest suppliers were 28.6% (2016: 35.4%) of the Group's total purchases for FY2017 with the largest supplier accounted for 10.3% (2016: 10.1%) of the total purchases.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued Shares) had any interests in any of the Group's top five largest customers or suppliers referred to above.

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.

SUFFICIENCY OF PUBLIC FLOAT

Throughout the FY2017 and up to the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors. The Directors confirm that the Company maintained the prescribed minimum amount of public float as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group. The Scheme was adopted on 23 September 2016 (the "**Adoption Date**"). There was no share options granted or agreed to be granted under the Scheme from the Adoption Date and up to the date of this annual report.

The following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(a) Purpose

The Scheme is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**").

(b) The Participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following parties (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below:

(i) any employee (whether full time or part time), including the Directors (including any non-executive Director and independent non-executive Director) of the Company, its subsidiaries or any Invested Entity (an "**eligible employee**");

(ii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iii) any customer of any member of the Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group;

(vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purpose of the Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more of Eligible Participants.

(c) Maximum number of Shares available for issuance

(a) The maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the company in issue from time to time. No option may be granted under the Scheme or any other share option scheme adopted by the Group if the grant of such option will result in such limit being exceeded.

(b) The total number of the Shares which may be issued upon exercise of all the options (excluding, for this purpose, shares which would have lapsed in accordance with the terms of the Scheme or any other share option schemes of the Group) to be granted under the Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date, being 60,000,000 Shares (the "**General Scheme Limit**") provided that:

i. subject to paragraph (a) above and without prejudice to sub-paragraph (ii) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of the Shares which may be allotted and issued upon exercise of all the options to be granted under the Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Scheme and any other share option schemes of the Group will not be counted; and

ii. subject to paragraph (a) above and without prejudice to sub-paragraph (i) above, the Company may seek separate Shareholders' approval in general meeting to grant options under the Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (i) above to Eligible Participants specifically identified by the Company before such approval is sought.

(d) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the issued shares of the Company for the time being.

(e) Price of Shares

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its discretion shall determine, save that such price shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for trade in one or more board lots of the Shares on the offer date, being the date on which an offer for the grant of an option is made to an Eligible Participant, which must be a business day, being a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

(f) Time of exercise of option and duration of the share option scheme

An option may be exercised in accordance with the terms of the Scheme at any time or times during the option period, being a period (which may not expire later than 10 years from the offer date of the Option) to be determined and notified by the Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses in accordance with the relevant provisions of the Scheme; and (ii) the date falling ten years from the offer date of such option. No option may be granted more than 10 years after the Adoption date. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the Adoption date.

(g) Acceptance and payment on acceptance

The options granted under the Scheme shall remain open for acceptance by the Eligible Participants concerned (and by no other person) for a period of up to 21 days from the date on which the options are offered to an Eligible Participant. Upon acceptance of the option, the Eligible Participant shall pay HK$1 to the Company as consideration for the grant.

(h) Remaining life of the Scheme

The Scheme will remain in force for a period of 10 years commencing from the Adoption date.

DISTRIBUTABLE RESERVES OF THE COMPANY

Share premium and retained profit of the Company may be available for distribution to ordinary Shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to Shareholders at 31 December 2017 amounted to approximately HK$27.9 million.

DIRECTORS

During FY2017 and up to the date of this annual report, the Board's composition is as follows:

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

Retirement and re-election of Directors

In accordance with article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation every year shall include (as far as necessary to ascertain the number of the Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of the Directors who are to retire by rotation.

According to article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Mr. Cheng Hon Yat, Mr. Yau Sze Yeung, Mr. Siu Wing Hay and Mr. Wong Yee Lut, Eliot will retire and, being eligible, offer themselves for re-election at the 2018 AGM pursuant to article 83(3) of the Articles.

DIRECTORS' SERVICE AGREEMENTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date subject to renewal and termination by either party in accordance with the terms thereof, and retirement and re-election provisions in the Articles.

Each of the independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year commencing from their respective date of appointment and subject to renewal and termination by either party in accordance with the terms thereof, and retirement and re-election provisions in the Articles.

Save as disclosed above, none of the Directors proposed for re-election at the 2018 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to rule 5.09 of the GEM Listing Rules. The Nomination Committee has assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 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 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 positions 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 *(Note)*	450,000,000	75%

Note: These Shares are held by Million Venture Holdings Limited ("**Million Venture**"), which is wholly-owned by Mr. Cheng. By virtue of the SFO, Mr. Cheng is deemed to be interested in the Shares held by Million Venture.

Interests in associated corporation(s) of the Company

Long positions 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 31 December 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 they 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 31 December 2017, so far as the Directors are aware, the following persons (other than the Director 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 positions 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 the Shares in which Mr. Cheng is interested under the SFO.

Save as disclosed above, as at 31 December 2017, the Company has not been notified of any other persons (other than the Director 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 or underlying Shares 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save and except for the Scheme, at no time during the Reporting Period 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' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director of the Company or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the Reporting Period, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

COMPETING INTEREST

For FY2017, 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.

A deed of non-competition (the "**Deed of Non-competition**") dated 30 September 2016 was executed in favour of the Company (for itself and as trustee for each of its subsidiaries) by Mr. Cheng and Million Venture (collectively the "**Controlling Shareholders**") regarding certain non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed "Relationship with Controlling Shareholders".

Each of the Controlling Shareholders has given an annual declaration to the Company confirming that he/it has complied with the non-compete undertakings to the Company under the Deed of Non-competition. The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition and are satisfied that the Controlling Shareholders have complied with the provisions of the Deed of Non-Competition during the Reporting Period.

MANAGEMENT CONTRACTS

During FY2017, there is no contract entered into by the Company relating to the management and administration of the entire or any substantial part of the business of the Group.

EMOLUMENT POLICY

The remuneration policy of the Group is to reward its employees and executives based on, among other things, their performance, qualification, competence displayed and market comparable. Remuneration package typically comprises of salaries, contribution to pension schemes and discretionary bonuses.

The Remuneration Committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.

COMPLIANCE ADVISER'S INTEREST

In accordance with rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited to be the compliance adviser. As at 31 December 2017, as notified by Lego Corporate Finance Limited, save for the compliance adviser agreement entered into between the Company and the compliance adviser dated 22 April 2016, neither Lego Corporate Finance Limited nor any of its directors, employees or close associates had any interest in the securities of the Company.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Significant related party transactions entered into by the Group during FY2017 and FY2016 are set out in note 31 to the consolidated financial statements.

The Directors consider that these significant related party transactions disclosed in note 31 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 20 of the GEM Listing Rules requiring compliance with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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. Details of the role and work performed by the Audit Committee are set out in the section headed "Corporate Governance Report" of this annual report. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2017 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.

PERMITTED INDEMNITY PROVISIONS

At no time during FY2017 and up to the date of this Directors' Report was there any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Hong Kong Companies Ordinance.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five highest paid individuals for the year are set out in notes 11 and 12 to the consolidated financial statements respectively.

CORPORATE GOVERNANCE

The Company has complied with all code provisions (other than provision A.2.1 of the CG code) as set out in the CG Code throughout Reporting Period.

Further information on the Company's corporate governance practices is set out in the section headed "Corporate Governance Report" of this annual report from pages 22 to 31.

ENVIRONMENTAL, SOCIETY AND CORPORATE RESPONSIBILITY

The Group is committed to support environmental protection to ensure business development and sustainability. We implement green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

AUDITOR

The consolidated financial statements of the Group for FY2017 have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the 2018 AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the 2018 AGM.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2017 and up to the date of this annual report.

On behalf of the Board
Mr. Cheng Hon Yat
Chairman

Hong Kong, 19 March 2018

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Janco Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 48 to 99, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue and cost of sales recognition	
We identified overstatement and accuracy of revenue as a key audit matter due to revenue being one of the key performance indicators of the Group and the large number of revenue transactions, with relatively small value each, may give rise to an inherent risk of misstatement. In addition, due to the nature of freight forwarding business, the recognition of corresponding cost of sales is another audit focus. The Group is engaged mainly in the provision of 1) air freight forwarding services and 2) ocean freight forwarding services. Income from air and ocean freight forwarding services is recognised when the services are rendered and the timing of which usually coincides with the departure date of the carrier. Cost of sales are recognised accordingly to match with the corresponding revenue. Referring to note 5 to the consolidated financial statements, revenue recognised in the provision of 1) air freight forwarding services amounting to HK$105,281,000 and 2) ocean freight forwarding services amounting to HK$108,952,000.	Our procedures in relation to the revenue and cost of sales recognition included: • Understanding the recognition process of revenue and cost of sales and testing the respective key control activities; • Performing an analysis on revenue, cost of sales, gross profit and gross profit margin with reference to historical trend; and • Performing test of details, on a sample basis, by comparing the details and amounts of the transactions selected with the details and amounts shown on the underlying documentation, including the journal vouchers, sales and supplier invoices and airway bill/bill of lading.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for bad and doubtful debts	
We identified the allowance for bad and doubtful debts as a key audit matter due to the use of judgment and estimation by management in assessing the recoverability of trade receivables. Referring to notes 4 and 17 of the consolidated financial statements, the Group makes allowance for bad and doubtful debts based on the evaluation of the credit history of trade debtors, including default or delay in payments, subsequent settlements and ageing analysis of trade receivables. As at 31 December 2017, the carrying amount of trade receivables was HK$93,100,000 and there was no allowance for bad and doubtful debts.	Our procedures in relation to allowance for bad and doubtful debts included: • Obtaining an understanding of how allowance for bad and doubtful debts is estimated by management; • Testing the ageing analysis of trade receivables, on a sample basis, to the source documents including sales invoices and airway bill/bill of lading; and • Assessing the reasonableness of allowance for bad and doubtful debts made by management with reference to the credit history of the trade debtors including default or delay in payments, settlement records, subsequent settlements and ageing.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Tsz Wai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Revenue	5	**351,141**	220,928
Cost of sales		**(304,256)**	(168,218)
Gross profit		**46,885**	52,710
Other income	6	**79**	7
Other gains and losses, net	7	**(281)**	(76)
Administrative expenses		**(42,934)**	(35,525)
Listing expenses		**–**	(16,367)
Finance costs	8	**(482)**	(58)
Profit before taxation		**3,267**	691
Income tax expense	9	**(1,585)**	(3,214)
Profit (loss) and total comprehensive income (expense) for the year	10	**1,682**	(2,523)
Earnings (loss) per share			
— basic (HK cents)	13	**0.28**	(0.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	15(a)	**8,041**	7,076
Computer software	15(b)	**330**	389
Interest in an associate	16	**–**	–
Rental deposits	17	**4,663**	5,397
		13,034	12,862
Current assets			
Inventories	18	**10,595**	–
Trade receivables	17	**93,100**	58,442
Other receivables, deposits and prepayments	17	**13,903**	6,709
Tax recoverable		**–**	233
Pledged bank deposits	19	**27,000**	–
Bank balances and cash	20	**6,979**	27,685
		151,577	93,069
Current liabilities			
Trade payables	21	**25,338**	10,881
Other payables and accruals	21	**2,963**	2,540
Bank borrowings — due within one year	22	**39,518**	–
Tax payable		**5,347**	3,795
Obligations under finance leases — due within one year	23	**728**	350
		73,894	17,566
Net current assets		**77,683**	75,503
Total assets less current liabilities		**90,717**	88,365

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	**2017 HK$'000**	2016 HK$'000
Non-current liabilities			
Obligations under finance leases			
— due after one year	23	**1,252**	615
Deferred tax liabilities	24	**811**	778
		2,063	1,393
		88,654	86,972
Capital and reserves			
Share capital	25	**6,000**	6,000
Reserves		**82,654**	80,972
Total equity		**88,654**	86,972

The consolidated financial statements on pages 48 to 99 were approved and authorised for issue by the Board of Directors on 19 March 2018 and are signed on its behalf by:

CHENG HON YAT,
DIRECTOR

YAU SZE YEUNG,
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital HK$'000 (note 25)	Share premium HK$'000	Capital reserve HK$'000 (note i)	Other reserve HK$'000 (note ii)	Retained profits HK$'000	Total HK$'000
At 1 January 2016	–	–	17,659	–	13,423	31,082
Loss and total comprehensive expense for the year	–	–	–	–	(2,523)	(2,523)
Deemed contribution by Mr. Cheng Hon Yat ("**Mr. Cheng**") (note 31(i))	–	–	–	4,658	–	4,658
Issue of shares in the Placing (as defined in note 1) (note 25(ii))	1,500	60,000	–	–	–	61,500
Transaction costs directly attributable to issue of new shares in the Placing (as defined in note 1)	–	(7,745)	–	–	–	(7,745)
Capitalisation Issue of shares (as defined in note 25(iii))	4,500	(4,500)	–	–	–	–
At 31 December 2016	6,000	47,755	17,659	4,658	10,900	86,972
Profit and total comprehensive income for the year	–	–	–	–	1,682	1,682
At 31 December 2017	6,000	47,755	17,659	4,658	12,582	88,654

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 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 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**3,267**	691
Adjustments for:		
Depreciation and amortisation	**2,629**	2,089
Finance costs	**482**	58
Gain on disposal of property, plant and equipment	**(228)**	(230)
Interest income	**(15)**	–
Operating cash flows before movements in working capital	**6,135**	2,608
Increase in inventories	**(10,595)**	–
Increase in trade receivables	**(34,658)**	(23,016)
Increase in rental deposits	**(444)**	(2,984)
Increase in other receivables, deposits and prepayments	**(6,001)**	(1,071)
Increase (decrease) in trade payables	**26,707**	(5,688)
Increase (decrease) in other payables and accruals	**389**	(2,063)
Decrease in amount due to a former related party	**–**	(14,268)
Decrease in amounts due from former related parties	**–**	7,157
Cash used in operations	**(18,467)**	(39,325)
Hong Kong Profits Tax refunded (paid)	**233**	(44)
NET CASH USED IN OPERATING ACTIVITIES	**(18,234)**	(39,369)
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(27,000)**	–
Purchase of property, plant and equipment and computer software	**(1,746)**	(3,500)
Proceeds from disposal of property, plant and equipment	**23**	–
Repayment from former related parties	**–**	16,148
Repayment from ultimate holding company	**–**	5
Advance to a former related party	**–**	(313)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(28,723)**	12,340

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES		
New bank borrowings raised	**33,000**	–
Repayment of bank borrowings	**(5,732)**	–
Interest paid	**(448)**	(58)
Repayment of obligations under finance leases	**(569)**	(1,302)
Proceeds from issue of shares	**–**	61,500
Expenses on issue of shares	**–**	(7,745)
Repayment to a director	**–**	(2,000)
Repayment to a former related party	**–**	(1,237)
NET CASH FROM FINANCING ACTIVITIES	**26,251**	49,158
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(20,706)**	22,129
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**27,685**	5,556
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**6,979**	27,685

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM**") by way of placing (the "**Placing**") since 7 October 2016 (the "**Listing**"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report. 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 Hon Yat ("**Mr. Cheng**"), the controlling shareholder of the Group and a director of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 34. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosures in note 34, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
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 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
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

Except for the new and revised HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All financial assets are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 *Leases* (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating leases payments are currently presented as operating cash flows. Under application of the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group had non-cancellable operating lease commitments of HK$22,898,000 as disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$6,662,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or expense of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income or expense are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in an associate (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income or expense in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income or expense by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Income from air and ocean freight forwarding services is recognised when the services are rendered and the timing of which usually coincides with the departure date of the carrier.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Income from warehousing and other ancillary logistics service is recognised when the services are rendered.

Income from trading of electronic product through online platform is recognised when the goods are delivered and titles have passed upon delivering.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Interest expenses

Interest expenses are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leaves) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Computer software

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Computer software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of computer software, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables, where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities at amortised cost (including trade and other payables, bank borrowings and obligations under finance leases) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for bad and doubtful debts

The policy for allowance of doubtful debts of the Group is based on the evaluation of collectability and aging analysis of the outstanding trade receivables, especially on the trade receivables which are past due, and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables with reference to the credit history of trade debtors, including default or delay in payments, subsequent settlements and ageing analysis of trade receivables. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, allowance may be required. As at 31 December 2017, the carrying amount of trade receivables was HK$93,100,000 (2016: HK$58,442,000).

5. 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 and reportable segments:

For the year ended 31 December 2017

	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	**105,281**	**108,952**	**52,789**	**84,119**	**–**	**351,141**
Inter-segment sales	**1,036**	**3,030**	**5,929**	**–**	**(9,995)**	**–**
	106,317	**111,982**	**58,718**	**84,119**	**(9,995)**	**351,141**
Segment results	**12,866**	**22,336**	**10,080**	**1,015**	**–**	**46,297**
Other income						**79**
Other gains and losses, net						**(281)**
Administrative expenses						**(42,346)**
Finance costs						**(482)**
Profit before taxation						**3,267**

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2016

	Air Freight HK$'000	Ocean Freight HK$'000	Logistics HK$'000	Elimination HK$'000	Total HK$'000
Segment revenue					
External sales	87,759	97,827	35,342	–	220,928
Inter-segment sales	502	6,039	77	(6,618)	–
	88,261	103,866	35,419	(6,618)	220,928
Segment results	12,299	32,961	560	–	45,820
Other income					7
Other gains and losses, net					(76)
Administrative expenses					(28,635)
Listing expenses					(16,367)
Finance costs					(58)
Profit before taxation					691

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results mainly represented profit before taxation earned by each segment without allocation of other income, other gains and losses, net, 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.

Geographical information

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	2017 **HK$'000**	2016 HK$'000
Customer A — revenue generated in air freight, ocean freight and logistics segment	**38,311**	31,608
Customer B — revenue generated in air freight, ocean freight and logistics segment	**44,598**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	2017 **HK$'000**	2016 HK$'000
Bank interest income	**15**	–
Others	**64**	7
	79	7

7. OTHER GAINS AND LOSSES, NET

	2017 **HK$'000**	2016 HK$'000
Net exchange losses	**(509)**	(306)
Gain on disposal of property, plant and equipment	**228**	230
	(281)	(76)

8. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest expenses on:		
Bank borrowings	**406**	–
Obligations under finance leases	**76**	54
Overdrafts	**–**	4
	482	58

9. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Hong Kong Profits Tax:		
Current tax	**1,552**	2,864
Underprovision in prior year	**–**	185
	1,552	3,049
Deferred tax (note 24)	**33**	165
	1,585	3,214

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

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%.

9. INCOME TAX EXPENSE (Continued)

No provision for taxation in the PRC has been made as all the Group's income arises in Hong Kong.

	2017 HK$'000	2016 HK$'000
Profit before taxation	**3,267**	691
Tax at Hong Kong Profits Tax rate of 16.5%	**539**	114
Tax effect of income not taxable for tax purpose	**(6)**	–
Tax effect of expenses not deductible for tax purpose	**741**	2,874
Underprovision in prior year	**–**	185
Tax effect of tax losses not recognised	**637**	273
Tax effect of different rates of group entities operating in jurisdiction other than Hong Kong	**(76)**	–
Utilisation of tax losses previously not recognised	**(190)**	–
Utilisation of deductible temporary differences previously not recognised	**–**	(212)
Tax relief	**(60)**	(20)
Income tax expense for the year	**1,585**	3,214

10. PROFIT (LOSS) FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' remuneration (note 11)	**5,447**	4,631
Other staff costs:		
Salaries and other allowances	**36,955**	28,258
Retirement benefits scheme contributions	**1,183**	1,112
Total staff costs	**43,585**	34,001
Auditor's remuneration	**1,200**	1,400
Depreciation and amortisation	**2,629**	2,089
Cost of inventories recognised as an expense	**77,325**	–

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Executive directors and chief executive

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonuses HK$'000 (note ii)	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2017					
Executive directors:					
Mr. Cheng	**–**	**1,800**	**300**	**18**	**2,118**
Mr. Chan Kwok Wai (note i)	**–**	**792**	**166**	**18**	**976**
Mr. Lo Wai Wah (note i)	**–**	**546**	**160**	**18**	**724**
Mr. Yau Sze Yeung (note i)	**–**	**792**	**129**	**18**	**939**
Total	**–**	**3,930**	**755**	**72**	**4,757**
Year ended 31 December 2016					
Executive directors:					
Mr. Cheng	–	675	200	16	891
Mr. Chan Kwok Wai (note i)	–	396	776	18	1,190
Mr. Lo Wai Wah (note i)	–	528	189	18	735
Mr. Yau Sze Yeung (note i)	–	756	906	18	1,680
Total	–	2,355	2,071	70	4,496

Notes:

(i) Mr. Chan Kwok Wai, Mr. Lo Wai Wah and Mr. Yau Sze Yeung were appointed as executive directors of the Company on 8 April 2016.

(ii) Discretionary bonus is determined based on individual performance.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

(b) Independent non-executive directors

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2017					
Independent non-executive directors:					
Mr. Siu Wing Hay (note i)	**180**	**–**	**–**	**–**	**180**
Mr. Wong Yee Lut, Eliot (note i)	**180**	**–**	**–**	**–**	**180**
Mr. Luk Kin Ting (note i)	**180**	**–**	**–**	**–**	**180**
Mr. Lau Chi Kit (note ii)	**150**	**–**	**–**	**–**	**150**
Total	**690**	**–**	**–**	**–**	**690**
Year ended 31 December 2016					
Independent non-executive directors:					
Mr. Siu Wing Hay (note i)	45	–	–	–	45
Mr. Wong Yee Lut, Eliot (note i)	45	–	–	–	45
Mr. Luk Kin Ting (note i)	45	–	–	–	45
Total	135	–	–	–	135

Notes:

(i) Mr. Siu Wing Hay, Mr. Wong Yee Lut, Eliot and Mr. Luk Kin Ting were appointed as independent non-executive directors of the Company on 23 September 2016.

(ii) Mr. Lau Chi Kit was appointed as an independent non-executive director of the Company on 13 March 2017.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

No emoluments were paid by the Group to any of the directors or the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year include three (2016: three) executive directors of the Company (details of their emoluments are set out in note 11(a) above). Details of the remuneration for the current year of the remaining two (2016: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and other allowances	**1,488**	774
Discretionary bonus	**188**	763
Retirement benefits scheme contributions	**36**	35
	1,712	1,572

The emolument of each of them is not exceeding HK$1,000,000.

During both years, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the years ended 31 December 2017 and 2016 is based on the profit for the year attributable to owners of the Company of HK$1,682,000 and loss for the year attributable to owners of the Company of HK$2,523,000, respectively.

The weighted average number of ordinary shares in issue for the years ended 31 December 2017 and 2016 are 600,000,000 and approximately 485,246,000, respectively, which are based on the assumption that the Capitalisation Issue (as defined in note 25(iii)) had been completed on 1 January 2016.

No diluted earnings (loss) per share are presented for both years as there were no potential ordinary shares outstanding.

14. 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.

15. PROPERTY, PLANT AND EQUIPMENT/COMPUTER SOFTWARE

(a) Property, plant and equipment

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2016	1,147	5,771	2,722	5,846	15,486
Additions	–	997	2,345	1,502	4,844
Disposals	–	–	–	(407)	(407)
At 31 December 2016	1,147	6,768	5,067	6,941	19,923
Additions	–	1,369	500	1,584	3,453
Disposal	–	–	–	(355)	(355)
At 31 December 2017	1,147	8,137	5,567	8,170	23,021
DEPRECIATION					
At 1 January 2016	1,125	4,418	1,918	3,835	11,296
Provided for the year	6	535	508	909	1,958
Eliminated on disposals	–	–	–	(407)	(407)
At 31 December 2016	1,131	4,953	2,426	4,337	12,847
Provided for the year	6	623	697	1,162	2,488
Eliminated on disposal	–	–	–	(355)	(355)
At 31 December 2017	1,137	5,576	3,123	5,144	14,980
CARRYING VALUES					
At 31 December 2017	10	2,561	2,444	3,026	8,041
At 31 December 2016	16	1,815	2,641	2,604	7,076

The above items of property, plant and equipment are depreciated over their estimated useful lives, using straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease, or 20%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

As at 31 December 2017 and 2016, the Group's motor vehicles were held under finance leases.

15. PROPERTY, PLANT AND EQUIPMENT/COMPUTER SOFTWARE (Continued)

(b) Computer software

	HK$'000
COST	
At 1 January 2016	554
Addition	158
At 31 December 2016	712
Addition	82
At 31 December 2017	794
AMORTISATION	
At 1 January 2016	192
Provided for the year	131
At 31 December 2016	323
Provided for the year	141
At 31 December 2017	464
CARRYING VALUE	
At 31 December 2017	330
At 31 December 2016	389

Computer software is amortised over its estimated useful life of five years using the straight-line method.

16. 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 the company. At the end of the reporting period and up to the date of issue of these consolidated financial statements, the associate remains inactive.

17. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**93,100**	58,442
Rental deposits	**6,662**	6,218
Other prepayments and deposits	**11,904**	5,888
Total trade and other receivables	**111,666**	70,548
Analysed as:		
Current assets:		
Trade receivables	**93,100**	58,442
Other receivables, prepayments and deposits	**13,903**	6,709
	107,003	65,151
Non-current assets:		
Rental deposits	**4,663**	5,397
	111,666	70,548

The Group allows a credit period ranging from 15 to 90 days (2016: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2016: N/A) to its E-Commerce customers for its trade receivables.

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

	2017 HK$'000	2016 HK$'000
0 – 30 days	**32,403**	16,059
31 – 60 days	**29,413**	14,672
61 – 90 days	**11,993**	7,891
Over 90 days	**19,291**	19,820
	93,100	58,442

17. TRADE AND OTHER RECEIVABLES (Continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. As at 31 December 2017, 67% (2016: 59%) of the Group's trade receivables amounting to HK$62,200,000 (2016: HK$34,655,000) are neither past due nor impaired since they have good credit quality with reference to the credit history of trade debtors, including default or delay in payments, subsequent settlements and ageing analysis of trade receivables.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK$30,900,000 (2016: HK$23,787,000), which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered such balances can be recovered based on historical experiences and subsequent settlement. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2017 **HK$'000**	2016 HK$'000
31 – 60 days	**6,212**	528
61 – 90 days	**5,397**	3,439
Over 90 days	**19,291**	19,820
	30,900	23,787

The Group's trade receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2017 **HK$'000**	2016 HK$'000
United States dollar ("**US$**")	**28,445**	19,178
Euro ("**EUR**")	**10,572**	10
Renminbi ("**RMB**")	**1,455**	21
British Pound ("**GBP**")	**1,084**	–

18. INVENTORIES

	2017 HK$'000	2016 HK$'000
Finished goods — electronic products	**5,484**	–
Goods-in-transit — electronic products	**5,111**	–
	10,595	–

19. PLEDGED BANK DEPOSITS

As at 31 December 2017, the pledged bank deposits represented deposits pledged to banks to secure certain short-term banking facilities granted to the Group and were therefore classified as current assets. The pledged bank deposits would be released upon settlement of the relevant bank borrowings. The pledged bank deposits carry fixed interest at rates of 0.01% and 1.1% per annum.

20. BANK BALANCES AND CASH

As at 31 December 2017, bank balances and cash are comprised of cash on hand and bank balances and the bank balances carry interest at prevailing market interest rates which range from 0.01% to 0.25% (2016: 0.01% to 0.25%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2017 HK$'000	2016 HK$'000
US$	**528**	5,125
RMB	**535**	97

21. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Trade payables	**25,338**	10,881
Other payables	**145**	–
Accruals and receipts in advance from customers	**2,818**	2,540
Total trade payables and other payables and accruals	**28,301**	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 dates, at the end of each reporting period:

	2017 HK$'000	2016 HK$'000
0 – 30 days	**8,324**	6,563
31 – 60 days	**9,721**	1,647
61 – 90 days	**946**	315
Over 90 days	**6,347**	2,356
	25,338	10,881

The Group's trade payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2017 HK$'000	2016 HK$'000
US$	**14,060**	4,487
Bangladeshi Taka ("**BDT**")	**1,606**	–
GBP	**1,118**	–
RMB	**7**	26
EUR	**161**	47
Japanese Yen ("**JPY**")	**7**	14

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

22. BANK BORROWINGS

	2017 HK$'000
Variable-rate bank borrowings	
Secured	**27,703**
Unsecured	**11,815**
	39,518
The carrying amounts of bank borrowings that contain a repayment on demand clause but repayable:	
Within one year	**29,953**
Within a period of more than one year but not exceeding two years	**2,326**
Within a period of more than two years but no exceeding five years	**7,239**
	39,518
Less: Amount shown under current liabilities	**(39,518)**
Amount shown under non-current liabilities	**–**

The Group's borrowings are denominated in HK$ and carry variable interest rate at Hong Kong Interbank Offered Rate ("**HIBOR**") plus a spread ranging from 2% to 2.5%. The range of effective interest rate on the Group's bank borrowings is from 3.21% to 3.72%

23. OBLIGATIONS UNDER FINANCE LEASES

	2017 HK$'000	2016 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**728**	350
Non-current liabilities	**1,252**	615
	1,980	965

23. OBLIGATIONS UNDER FINANCE LEASES (Continued)

The Group leased its motor vehicles under finance leases. The lease terms are three to five years (2016: three to four years) and interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.28% to 6.12% (2016: 3.28% to 5.50%) per annum during the year ended 31 December 2017.

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**800**	383	**728**	350
Within a period of more than one year but not more than two years	**660**	383	**619**	365
Within a period of more than two years but not more than five years	**621**	255	**633**	250
	2,081	1,021	**1,980**	965
Less: future finance changes	**(138)**	(56)		
Present value of lease obligations	**1,943**	965		
Less: Amounts due for settlement within twelve months (shown under current liabilities)			**(728)**	(350)
Amounts due for settlement after twelve months			**1,252**	615

The Group's obligations under finance leases are secured by the lessors' titles to the leased assets. The finance lease obligations are all denominated in HK$, which is the functional currency of the relevant group entity.

24. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation HK$'000
At 1 January 2016	613
Charge to profit or loss (note 9)	165
At 31 December 2016	778
Charge to profit or loss (note 9)	33
At 31 December 2017	811

At 31 December 2017, the Group had unused tax losses of HK$4,511,000 (2016: HK$1,801,000), available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

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

25. SHARE CAPITAL (CONTINUED)

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 in the Placing. On the same date, the Company's shares were listed on the Stock Exchange. 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 of the Company's shares, 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.

26. CAPITAL RISK MANAGEMENT

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 and obligations under finance leases as disclosed in notes 22 and 23, respectively, 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.

27. FINANCIAL INSTRUMENTS

27a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**127,109**	90,801
Financial liabilities		
Amortised cost	**65,001**	10,881
Obligations under finance leases	**1,980**	965
	66,981	11,846

27b. Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings and obligations under finance leases.

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Transactions entered into by the Group with certain trade customers and suppliers are denominated in US$, RMB, EUR, JPY, BDT and GBP and these foreign currencies expose the Group to market risk arising from changes in foreign exchange rates. Management monitors closely foreign currency exposure and will consider hedging any significant exposures should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities at the end of the reporting period that are denominated in above foreign currencies are as follows:

	Assets		Liabilities	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
US$	**28,973**	24,303	**(14,060)**	(4,487)
RMB	**1,990**	118	**(7)**	(26)
EUR	**10,572**	10	**(161)**	(47)
JPY	**–**	–	**(7)**	(14)
BDT	**–**	–	**(1,606)**	–
GBP	**1,084**	–	**(1,118)**	–

27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Since HK$ is pegged to US$, the risk of volatility between US$ and HK$ is limited and the directors of the Company consider that the risk is minimal at current stage. Accordingly, no sensitivity analysis for such currency risk is presented.

The following table details the Group's sensitivity to a 5% increase or decrease in the exchange rate of HK$ against RMB, BDT, EUR, GBP and JPY. The percentage is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year end for a 5% change in foreign currency rates. A positive/negative number below indicates an increase/a decrease in post-tax loss for 2016 or an increase/a decrease in post-tax profit for 2017 where RMB, BDT, EUR, GBP and JPY strengthen 5% against HK$. For a 5% weakening of RMB, BDT, EUR, GBP and JPY against HK$, there would be an equal and opposite impact on the post-tax profit or loss.

	Increase (decrease) in post-tax loss/ decrease (increase) in post-tax profit	
	2017	2016
	HK$'000	HK$'000
RMB impact	**(83)**	(4)
BDT impact	**67**	–
EUR impact	**435**	2
GBP impact	**2**	–
JPY impact	**–**	1

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its pledged bank deposits and obligations under finance leases as set out in notes 19 and 23 respectively. The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances and variable-rate bank borrowings as set out in notes 20 and 22. The management of the Group monitors interest rate exposure on ongoing basis and will consider hedging any significant interest rate risks.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's variable-rate bank borrowings.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined on the exposure to interest rate for its variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period was outstanding for whole year. A 50 basis point increase or decrease in variable-rate bank borrowings is used represents management's assessment of the reasonably possible change in interest rate. If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2017 would decrease by approximately HK$173,000.

No sensitivity analysis is presented on variable-rate bank balances since the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is limited due to their short maturities.

Credit risk

As at 31 December 2017 and 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantee is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

As at 31 December 2017, the Group had concentration of credit risk on trade receivables as 15% (2016: 17%) and 54% (2016: 69%) of the total trade receivables were due from the Group's largest customer and top five largest customers, respectively. The directors of the Company consider that the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks. The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by directors of the Company to finance the operations and mitigate the effects of fluctuations in cash flows. The directors of the Company monitor the utilisation of bank borrowings and ensure compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2017, the Group had available unutilised overdraft and short-term banking facilities of approximately HK$10,297,000 (2016: HK$26,924,000) respectively. Details of which are set out in note 22.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2017 HK$'000
31 December 2017							
Non-derivative financial liabilities							
Trade and other payables	–	25,483	–	–	–	25,483	25,483
Obligations under finance leases	2.3	67	133	600	1,281	2,081	1,980
Bank borrowings	3.5	39,518	–	–	–	39,518	39,518
		65,068	133	600	1,281	67,082	66,981

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 month to 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2016 HK$'000
31 December 2016							
Non-derivative financial liabilities							
Trade payables	–	10,881	–	–	–	10,881	10,881
Obligations under finance leases	2.2	32	64	287	638	1,021	965
		10,913	64	287	638	11,902	11,846

27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2017, the undiscounted principal amounts of these bank borrowings amounted to HK$39,518,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid within five years after the end of the reporting period in accordance with the scheduled repayment dates set out in bank borrowing agreements. Details of which are set out in the table below:

	Maturity Analysis-Bank borrowings with a repayment on demand clause based on scheduled repayments				
	On demand or less than 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2017 HK$'000
At 31 December 2017	**30,310**	**2,606**	**7,600**	**40,516**	**39,518**

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

27c. Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to the short-term maturities of these assets and liabilities.

28. OPERATING LEASE COMMITMENTS

During the year ended 31 December 2017, the Group as lessee had made minimum lease payments of HK$23,389,000 (2016: HK$19,488,000) under operating leases in respect of warehouses and office premises.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**17,837**	19,305
In the second to fifth year inclusive	**5,061**	21,632
	22,898	40,937

These leases are negotiated for lease terms ranging from one to four years (2016: one to four years) with fixed monthly rentals.

29. RETIREMENT BENEFITS PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

For the year ended 31 December 2017, the total expenses recognised in profit or loss of HK$1,255,000 (2016: HK$1,182,000) represent contributions paid or payable to the above scheme by the Group. As at 31 December 2017, contributions of HK$322,000 (2016: HK$285,000), due in respect of the corresponding reporting periods had not been paid over to the scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

30. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY

Pursuant to the written resolution of the sole shareholder of the Company dated 23 September 2016, the share option scheme (the "**Scheme**") was approved and adopted conditionally. The Scheme was established for the purpose of providing incentives or rewards for the contribution of directors of the Company and eligible persons, and will expire on 22 September 2026. Under the Scheme, the directors of the Company may at their discretion grant options to the eligible persons. The adoption of the Scheme became unconditional upon the success of the Listing on 7 October 2016.

Options granted must be taken up within 21 days of the date of grant. The maximum number of shares of the Company in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company at any point in time. The total number of shares of the Company in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the Placing. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the directors of the Company (which shall be less than ten years from the date of issue of the relevant option). Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 31 December 2017 and 2016 and up to the date of approval of these consolidated financial statements for issuance, no share option has been granted, expired, lapsed or exercised.

31. RELATED PARTY DISCLOSURES

(i) Transactions

Save as disclosed in other notes, during the year ended 31 December 2017, the Group entered into the following transactions with its related parties:

Related parties	Nature of transactions	2017 HK$'000	2016 HK$'000
Freight Concept Limited ("**Freight Concept**") (Note i)	Transportation and forwarding income	–	2,745
	Transportation and forwarding charges	–	(332)
		–	2,413
Freight Concept Lanka (Private) Limited ("**Freight Concept Lanka**") (Note ii)	Transportation and forwarding income	–	235
	Transportation and forwarding charges	–	(24)
		–	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.

During the year ended 31 December 2016, the amount due to Mr. Cheng, being the controlling shareholder of the Group and a director of the Company, amounting to HK$4,658,000 was settled by capitalisation of the same amount in the other reserve account of the Company as deemed contribution.

31. RELATED PARTY DISCLOSURES (Continued)

(ii) Compensation of key management personnel

	2017 HK$'000	2016 HK$'000
Fees	**690**	135
Salaries and other allowances	**3,930**	2,355
Discretionary bonus	**755**	2,071
Retirement benefits scheme contributions	**72**	70
	5,447	4,631

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

32. MAJOR NON-CASH TRANSACTIONS

Finance lease arrangements in respect of motor vehicles with a total capital value of HK$1,585,000 (2016: HK$1,272,000), net of trade-in value of disposed motor vehicle of HK$205,000 (2016: $230,000) at the inception of the leases were entered into during the year ended 31 December 2017.

During the year ended 31 December 2017, the Company settled certain trade payable through a bank with an aggregate amount of HK$12,250,000 (2016: Nil).

During the year ended 31 December 2016, the amount due to Mr. Cheng, being the controlling shareholder of the Group and a director of the Company, amounting to HK$4,658,000 was settled by capitalisation of the same amount in the other reserve account of the Company as deemed contribution.

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2017 and 2016 are as follows:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 2017	2016	Principal activities
Janco (BVI)*	The BVI 5 November 2015	The BVI	US$100 ordinary shares	**100%**	100%	Investment holding
Marine Elite	The BVI 7 May 2015	The BVI	US$50,000 ordinary shares	**100%**	100%	Investment holding
Sunset Edge	The BVI 28 April 2015	The BVI	US$50,000 ordinary shares	**100%**	100%	Investment holding
Wasco Global	The BVI 12 May 2015	The BVI	US$50,000 ordinary shares	**100%**	100%	Investment holding
Worldwide Equity Investment Ltd.	The BVI 2 February 2016	The BVI	US$50,000 ordinary shares	**100%**	100%	Investment holding
Janco Global Logistics	Hong Kong 23 June 2015	Hong Kong	HK$500,000 ordinary shares	**100%**	100%	Provision of air and ocean freight forwarding services
Janco Logistics (HK)	Hong Kong 21 March 2005	Hong Kong	HK$1,000,000 ordinary shares	**100%**	100%	Provision of warehousing and ancillary logistics services
Transpeed Hong Kong	Hong Kong 21 December 2012	Hong Kong	HK$10,000 ordinary shares	**100%**	100%	Provision of air freight forwarding services
Janco E-Commerce Solutions Limited	Hong Kong 1 February 2017	Hong Kong	HK$10,000 ordinary shares	**100%**	N/A	Trading of electronic products through online platform

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 2017	2016	Principal activities
Janco Express Limited (formerly known as FC Global Logistics Limited)	Hong Kong 25 February 2016	Hong Kong	HK$10,000 ordinary shares	**100%**	100%	Inactive
Cargo On Demand Limited	Hong Kong 13 April 2015	Hong Kong	HK$1,000 ordinary shares	**75%**	–	Inactive
Happy Concept Limited	Hong Kong 22 May 2017	Hong Kong	GBP1 ordinary shares	**100%**	N/A	Inactive
上海駿盈國際貨運有限公司	The PRC 31 May 2017	The PRC	RMB5,000,000 registered capital	**100%**	N/A	Inactive
Janco Global Logistics (USA), Inc.	The United States of America ("**USA**") 12 June 2017	The USA	US$2,000 ordinary shares	**100%**	N/A	Inactive
深圳駿高商貿有限公司	The PRC 23 February 2017	The PRC	RMB8,000,000 registered capital	**100%**	N/A	Inactive

* Directly held by the Company

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable HK$'000	Obligations under finance leases HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 January 2017	–	965	–	965
Financing cash flows (note)	–	(645)	26,896	26,251
New finance leases	–	1,584	–	1,584
Transfer from trade payables	–	–	12,250	12,250
Finance costs recognised	34	76	372	482
At 31 December 2017	34	1,980	39,518	41,532

Note: The cash flows represent the proceeds from and repayment of bank borrowings, repayment of obligations under finance leases and the interest paid in the consolidated statement of cash flows.

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Investment in a subsidiary — cost (note i)	1	1
Investment in a subsidiary — deemed contribution (note ii)	42,394	42,394
	42,395	42,395
Current liabilities		
Other payables and accruals	50	55
Amounts due to subsidiaries	3,827	1,163
	3,877	1,218
Total assets less current liabilities	38,518	41,177
Capital and reserves		
Share capital	6,000	6,000
Reserves	32,518	35,177
	38,518	41,177

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

The movements in reserves are as follows:

	Share premium HK$'000	Capital reserve HK$'000 (note i)	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	–	1	–	–	1
Loss and total comprehensive expense for the year	–	–	–	(17,237)	(17,237)
Deemed contribution by Mr. Cheng (note 31(i))	–	–	4,658	–	4,658
Issue of shares in the Placing (note 25(ii))	60,000	–	–	–	60,000
Transaction costs directly attributable to issue of new shares in the Placing	(7,745)	–	–	–	(7,745)
Capitalisation Issue (note 25(iii))	(4,500)	–	–	–	(4,500)
At 31 December 2016	47,755	1	4,658	(17,237)	35,177
Loss and total comprehensive expense for the year	–	–	–	(2,659)	(2,659)
At 31 December 2017	**47,755**	**1**	**4,658**	**(19,896)**	**32,518**

Notes:

(i) The amount of HK$1,000 represents the difference between the nominal value of the share capital of Janco (BVI) of US$100 acquired by the Company and the nominal value of the Company's shares issued at HK$0.99.

(ii) The amount of HK$42,394,000 represents the loan advanced to Janco (BVI) and such amount was capitalised as part of the interest in a subsidiary during the year ended 31 December 2016.

FINANCIAL SUMMARY

	For the year ended 31 December			
	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Revenue	178,938	209,316	220,928	**351,141**
Profit before taxation	11,119	16,330	691	**3,267**
Income tax expense	(1,840)	(2,744)	(3,214)	**(1,585)**
Profit (loss) for the year	9,279	13,586	(2,523)	**1,682**
Profit (loss) for the year attributable to:				
Owners of the Company	9,251	13,623	(2,523)	**1,682**
Non-controlling interests	28	(37)	–	**–**
	9,279	13,586	(2,523)	**1,682**

	As at 31 December			
	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	73,622	76,772	105,931	**164,611**
Total liabilities	(57,299)	(45,690)	(18,959)	**(75,957)**
	16,323	31,082	86,972	**88,654**
Equity attributable to:				
Owners of the Company	16,321	31,082	86,972	**88,654**
Non-controlling interests	2	–	–	**–**
	16,323	31,082	86,972	**88,654**

note: Four years' financial summary is presented as the Company was listed on 7 October 2016 and it is not practicable for the Company to present the financial summary of the Group prior to 2014.