



# Janco Holdings Limited 駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035



Interim Report  
**2021**



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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ng Chin Hung (*Chairman and  
Chief Executive Officer*)  
Mr. Cheng Tak Yuen

### Independent Non-Executive Directors

Mr. Lee Kwong Chak, Bonnio  
Mr. Yuen Ching Bor Stephen<sup>(1)</sup>  
Mr. Kwan Chi Hong

### COMPANY SECRETARY

Mr. Chan Heung Wing, Anthony<sup>(2)</sup>

### COMPLIANCE OFFICER

Mr. Ng Chin Hung

## AUTHORISED REPRESENTATIVES

(for the purpose of the GEM  
Listing Rules)

Mr. Ng Chin Hung  
Mr. Chan Heung Wing, Anthony<sup>(2)</sup>

## BOARD COMMITTEES

### Audit Committee

Mr. Lee Kwong Chak, Bonnio  
(*Chairman*)  
Mr. Yuen Ching Bor Stephen<sup>(1)</sup>  
Mr. Kwan Chi Hong<sup>(3)</sup>

### Remuneration Committee

Mr. Yuen Ching Bor Stephen  
(*Chairman*)<sup>(1)</sup>  
Mr. Lee Kwong Chak, Bonnio  
Mr. Kwan Chi Hong<sup>(3)</sup>

### Nomination Committee

Mr. Kwan Chi Hong (*Chairman*)<sup>(3)</sup>  
Mr. Lee Kwong Chak, Bonnio  
Mr. Yuen Ching Bor Stephen<sup>(1)</sup>

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1608, 16th Floor  
Tower A, Manulife Financial Centre  
No. 223 Wai Yip Street  
Kwun Tong, Kowloon  
Hong Kong

## HONG KONG LEGAL ADVISER

CHIU & PARTNERS  
40/F, Jardine House  
1 Connaught Place  
Hong Kong

**AUDITOR**

McM (HK) CPA Limited  
Certified Public Accountants  
3/F., Parklane Building  
233 Queen's Road Central  
Hong Kong

**COMPANY'S WEBSITE**

[www.jancofreight.com](http://www.jancofreight.com)

**PRINCIPAL SHARE REGISTRAR  
AND TRANSFER OFFICE**

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

**HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER  
OFFICE**

Tricor Investor Services Limited  
Level 54, 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

China Citic Bank International Limited  
The Chinese Bank Building  
61–65 Des Voeux Road Central  
Hong Kong

**STOCK CODE**

8035

*Notes:*

- (1) Appointed as Independent Non-Executive Director, chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee on 7 May 2021.
- (2) Appointed as Company Secretary and one of the Authorised Representatives on 1 June 2021.
- (3) Appointed as Independent Non-Executive Director, chairman of the Nomination Committee, member of the Audit Committee and the Remuneration Committee on 7 May 2021.

# INDEPENDENT REVIEW REPORT



McM (HK) CPA Limited

**To the shareholders of Janco Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial report set out on pages 7 to 21 which comprises the condensed consolidated statement of financial position of Janco Holdings Limited (“**the Company**”) as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report, and to report our conclusion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

## **OTHER MATTER**

The comparative figures for the interim financial report were not reviewed by us.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with HKAS 34.

### **McM (HK) CPA Limited**

*Certified Public Accountants*

3/F., Parklane Building

233 Queen’s Road Central

Hong Kong

6 August 2021

### **Wong Ka Bo, Jimmy**

Practising Certificate No.: P07560

## INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce that the unaudited financial results of the Group for the six months ended 30 June 2021 (the “**Period**”), together with the corresponding comparative figures, are as follows. The financial results have been approved by the Board.

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

For the three and six months ended 30 June 2021

|   | Notes | Three months ended<br>30 June   |                                 | Six months ended<br>30 June     |                                 |
|---|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |       | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) |
| Revenue   | 4     | 132,203                         | 101,830                         | 262,273                         | 207,345                         |
| Cost of sales   |       | (111,694)                       | (90,817)                        | (222,143)                       | (186,777)                       |
| Gross profit  |       | 20,509                          | 11,013                          | 40,130                          | 20,568                          |
| Interest income   |       | 720                             | 830                             | 1,440                           | 1,653                           |
| Other income  |       | 5                               | 1,557                           | 6                               | 1,622                           |
| Other gains and losses, net                             |       | 6,652                           | (109)                           | 6,710                           | (288)                           |
| Administrative expenses                                 |       | (16,459)                        | (10,481)                        | (28,771)                        | (22,454)                        |
| Impairment loss made on allowance for trade receivables |       | (463)                           | (1,460)                         | (588)                           | (1,460)                         |
| Share-based payment expenses                            |       | (225)                           | (18)                            | (457)                           | (18)                            |
| Finance costs   |       | (1,478)                         | (1,457)                         | (2,764)                         | (2,955)                         |
| Share of loss of a joint venture                        |       | (310)                           | (243)                           | (410)                           | (118)                           |
| Profit/(loss) before taxation                           |       | 8,951                           | (368)                           | 15,296                          | (3,450)                         |
| Income tax expense                                      | 5     | (1,403)                         | (52)                            | (2,156)                         | (49)                            |
| Profit/(loss) for the period                            | 6     | 7,548                           | (420)                           | 13,140                          | (3,499)                         |
| Other comprehensive income/(expenses) after tax:        |       |                                 |                                 |                                 |                                 |
| Items that may be reclassified to profit or loss:       |       |                                 |                                 |                                 |                                 |
| Exchange differences on translating foreign operations  |       | (26)                            | (42)                            | (75)                            | 30                              |
| Total comprehensive income/(expense) for the period     |       | 7,522                           | (462)                           | 13,065                          | (3,469)                         |



|   |                           | Three months ended<br>30 June   |                                 | Six months ended<br>30 June     |                                 |        |
|---|---------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--------|
|   |                           | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) |        |
| Profit/(loss) for the period attributable to:                           |                           |                                 |                                 |                                 |                                 |        |
|   | Owners of the Company     | 7,422                           | (452)                           | 12,860                          | (3,532)                         |        |
|   | Non-controlling interests | 126                             | 32                              | 280                             | 33                              |        |
|   |                           | <b>7,548</b>                    | <b>(420)</b>                    | <b>13,140</b>                   | <b>(3,499)</b>                  |        |
| Total comprehensive income/(expense)<br>for the period attributable to: |                           |                                 |                                 |                                 |                                 |        |
|   | Owners of the Company     | 7,396                           | (494)                           | 12,785                          | (3,502)                         |        |
|   | Non-controlling interests | 126                             | 32                              | 280                             | 33                              |        |
|   |                           | <b>7,522</b>                    | <b>(462)</b>                    | <b>13,065</b>                   | <b>(3,469)</b>                  |        |
| Earning/(loss) per share  |                           |                                 |                                 |                                 |                                 |        |
|   | — basic (HK cents)        | 8                               | 1.24                            | (0.08)                          | 2.14                            | (0.59) |
| Earning/(loss) per share  |                           |                                 |                                 |                                 |                                 |        |
|   | — diluted (HK cents)      | 8                               | 1.23                            | (0.08)                          | 2.14                            | (0.59) |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

|  | Notes | At<br>30 June<br>2021<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|--|-------|--|--|
| <b>Non-current assets</b>                    |       |  |  |
| Property, plant and equipment                | 9     | 11,242   | 9,247  |
| Computer software                            |       | 78   | 113  |
| Deposit placed in life insurance policies    | 10    | 113,209  | 111,769  |
| Right-of-use assets                          |       | 55,488   | 24,646   |
| Interest in an associate                     |       | –  | –  |
| Interest in a joint venture                  |       | 485  | 624  |
| Goodwill                                     |       | 61   | 61   |
| Rental deposits                              | 11    | 4,913  | 5,848  |
|  |       | <b>185,476</b>                                   | <b>152,308</b>                                     |
| <b>Current assets</b>                        |       |  |  |
| Inventories                                  |       | 408  | 445  |
| Trade receivables                            | 11    | 105,951  | 114,800  |
| Other receivables, deposits and prepayments  | 11    | 9,098  | 7,456  |
| Tax recoverable                              |       | –  | –  |
| Pledged bank deposits                        | 12    | 17,422   | 17,422   |
| Bank balances and cash                       |       | 14,108   | 8,225  |
|  |       | <b>146,987</b>                                   | <b>148,348</b>                                     |
| <b>Current liabilities</b>                   |       |  |  |
| Trade payables                               | 13    | 42,106   | 48,658   |
| Other payables and accruals                  | 13    | 22,362   | 21,975   |
| Contract liabilities                         |       | 667  | 393  |
| Amount due to a shareholder                  | 14    | –  | 3,246  |
| Amount due to non-controlling interests      |       | 656  | 656  |
| Bank borrowing                               | 15    | 137,764  | 143,652  |
| Lease liabilities                            |       | 10,445   | 12,899   |
| Tax payable                                  |       | 3,050  | 884  |
|  |       | <b>217,050</b>                                   | <b>232,363</b>                                     |
| <b>Net current liabilities</b>               |       | <b>(70,063)</b>                                  | <b>(84,015)</b>                                    |
| <b>Total assets less current liabilities</b> |       | <b>115,413</b>                                   | <b>68,293</b>                                      |

|   | <b>At<br/>30 June<br/>2021<br/>HK\$'000<br/>(unaudited)</b> | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|---|---|--|
|   |   |  |
| <b>Non-current liabilities</b>                  |   |  |
| Lease liabilities                               | 43,585  | 9,976  |
| Deferred tax liabilities                        | 676   | 687  |
|   | <b>44,261</b>   | 10,663   |
| <b>NET ASSETS</b>                               | <b>71,152</b>   | 57,630   |
| <b>Capital and reserves</b>                     |   |  |
| Share capital                                   | 6,000   | 6,000  |
| Reserves  | 63,761  | 50,519   |
| Equity attributable to owners<br>of the Company | <b>69,761</b>   | 56,519   |
| Non-controlling interests                       | 1,391   | 1,111  |
| <b>TOTAL EQUITY</b>                             | <b>71,152</b>   | 57,630   |

Note

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# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

|  | Share capital | Share premium | Capital reserve | Other reserve | Translation reserve | Share Option reserve | Accumulated losses | Total    | Non-controlling interest | Total equity |
|--|---------------|---------------|-----------------|---------------|---------------------|----------------------|--------------------|----------|--------------------------|--------------|
|  | HK\$'000      | HK\$'000      | HK\$'000        | HK\$'000      | HK\$'000            | HK\$'000             | HK\$'000           | HK\$'000 | HK\$'000                 | HK\$'000     |
|  |               |               | (Note (i))      | (Note (ii))   |                     |                      |                    |          |                          |              |
| At 1 January 2021 (audited)                    | 6,000         | 47,755        | 17,659          | 4,658         | (421)               | 493                  | (19,625)           | 56,519   | 1,111                    | 57,630       |
| Total comprehensive income for the period      | -             | -             | -               | -             | (75)                | -                    | 12,860             | 12,785   | 280                      | 13,065       |
| Equity-settled share options arrangement       | -             | -             | -               | -             | -                   | 457                  | -                  | 457      | -                        | 457          |
| At 30 June 2021 (unaudited)                    | 6,000         | 47,755        | 17,659          | 4,658         | (496)               | 950                  | (6,765)            | 69,761   | 1,391                    | 71,152       |
| At 1 January 2020 (audited)                    | 6,000         | 47,755        | 17,659          | 4,658         | 143                 | -                    | (30,795)           | 45,420   | 261                      | 45,681       |
| Total comprehensive expenses for the period    | -             | -             | -               | -             | 30                  | -                    | (3,532)            | (3,502)  | 33                       | (3,469)      |
| Establishment of a non-wholly-owned subsidiary | -             | -             | -               | -             | -                   | -                    | -                  | -        | 234                      | 234          |
| Equity-settled share options arrangement       | -             | -             | -               | -             | -                   | 18                   | -                  | 18       | -                        | 18           |
| At 30 June 2020 (unaudited)                    | 6,000         | 47,755        | 17,659          | 4,658         | 173                 | 18                   | (34,327)           | 41,936   | 528                      | 42,464       |

## Notes:

- (i) Capital reserve comprises of (i) the profits derived from the provision of air and ocean freight forwarding services in Hong Kong prior to 1 July 2015 carried out by JFX Limited, a company previously wholly owned by the major shareholder of the Group, Mr. Cheng Hon Yat ("Mr. Cheng"), before the transfer of such business to Janco Global Logistics Limited, a wholly owned subsidiary of the Group, as they legally belonged to JFX Limited and are non-distributable profits of the Group; and (ii) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired by the Company upon the group reorganisation completed on 29 December 2015 and the nominal value of the Company's shares issued.
- (ii) The other reserve represented an amount due to Mr. Cheng, being a major shareholder of the Group, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in 2016.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

|   | Six months ended                           |  |
|---|--|--|
|   | 30 June<br>2021<br>HK\$'000<br>(unaudited) | 30 June<br>2020<br>HK\$'000<br>(unaudited) |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>             | <b>35,011</b>                              | 14,993                                     |
| <b>INVESTING ACTIVITIES</b>                                     |  |  |
| Withdrawal of pledged bank deposit                              | –  | 123  |
| Purchase of property, plant and equipment and computer software | (4,022)                                    | (624)                                      |
| Proceeds from disposal of property, plant and equipment         | 246  | –  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                    | <b>(3,776)</b>                             | (501)                                      |
| <b>FINANCING ACTIVITIES</b>                                     |  |  |
| New bank borrowing raised                                       | 15,691                                     | 26,176                                     |
| Repayment of bank borrowings                                    | (21,579)                                   | (21,743)                                   |
| Repayment of lease liabilities                                  | (14,361)                                   | (16,447)                                   |
| Interest paid   | (1,860)                                    | (2,140)                                    |
| Contribution from non-controlling interests                     | –  | 234  |
| Repayment to the major shareholder                              | (3,246)                                    | –  |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                    | <b>(25,355)</b>                            | (13,920)                                   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                | <b>5,880</b>                               | 572  |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>                  | <b>3</b>                                   | 17   |
| <b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>                   | <b>8,225</b>                               | 3,973                                      |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>                     | <b>14,108</b>                              | 4,562                                      |
| Represented by:   |  |  |
| Bank balances and cash  | 14,108                                     | 4,562                                      |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 1. GENERAL INFORMATION

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

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

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

Reference is made to the Company's announcement dated 6 August 2021 in respect of the preliminary interim results of the Group for the six months ended 30 June 2021 (the "Announcement").

The Company clarifies that it was an inadvertent typographical mistake to state under the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 2 of the Announcement that the information of (i) Other income and (ii) Other gains and losses, net for the three months ended 30 June 2020 as 97 and (1,569) and the correct figures should have been 1,557 and (109) respectively as stated in this report; and for the six months ended 30 June 2020 as 162 and (1,748) and the correct figures should have been 1,622 and (288) respectively as stated in this report.

## 2. GOING CONCERN BASIS

As at 30 June 2021, the Group had net current liabilities of approximately HK\$70,063,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the short term adjustment on certain financial covenants in respect of bank borrowings, the Group's operating cash flows and available unutilised short-term banking facilities. The directors of the Company consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRS would have a material impact on its results of operations and financial position.

### 4. REVENUE AND SEGMENT INFORMATION

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

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

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

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

## Segment revenue and results

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

### Disaggregation of revenue from contracts with customers:

For the six months ended 30 June 2021 (unaudited)

|  | Freight forwarding      |                              | E-Commerce            |                     |                         | Elimination<br>HK\$'000 | Total<br>HK\$'000 |
|--|-------------------------|------------------------------|-----------------------|---------------------|-------------------------|-------------------------|-------------------|
|  | Air Freight<br>HK\$'000 | Ocean<br>Freight<br>HK\$'000 | Logistics<br>HK\$'000 | Trading<br>HK\$'000 | Fulfillment<br>HK\$'000 |                         |                   |
| Segment revenue  |                         |                              |                       |                     |                         |                         |                   |
| External sales   | 82,643                  | 50,826                       | 53,926                | 263                 | 74,615                  | -                       | 262,273           |
| Inter-segment sales  | 27,678                  | 1,336                        | 11,437                | -                   | 45,902                  | (86,353)                | -                 |
|  | <b>110,321</b>          | <b>52,162</b>                | <b>65,363</b>         | <b>263</b>          | <b>120,517</b>          | <b>(86,353)</b>         | <b>262,273</b>    |
| Segment results  | <b>7,743</b>            | <b>4,455</b>                 | <b>12,556</b>         | <b>35</b>           | <b>15,341</b>           | <b>-</b>                | <b>40,130</b>     |
| Interest income  |                         |                              |                       |                     |                         |                         | 1,440             |
| Other income   |                         |                              |                       |                     |                         |                         | 6                 |
| Other gains and losses, net                                |                         |                              |                       |                     |                         |                         | 6,710             |
| Administrative expenses                                    |                         |                              |                       |                     |                         |                         | (28,771)          |
| Impairment loss made on allowance<br>for trade receivables |                         |                              |                       |                     |                         |                         | (588)             |
| Share-based payment expenses                               |                         |                              |                       |                     |                         |                         | (457)             |
| Finance costs  |                         |                              |                       |                     |                         |                         | (2,764)           |
| Share of loss of a joint venture                           |                         |                              |                       |                     |                         |                         | (410)             |
| Profit before taxation                                     |                         |                              |                       |                     |                         |                         | <b>15,296</b>     |

For the six months ended 30 June 2020 (unaudited)

|                                  | Freight forwarding      |                              | E-Commerce            |                     |                         | Elimination<br>HK\$'000 | Total<br>HK\$'000 |
|----------------------------------|-------------------------|------------------------------|-----------------------|---------------------|-------------------------|-------------------------|-------------------|
|                                  | Air Freight<br>HK\$'000 | Ocean<br>Freight<br>HK\$'000 | Logistics<br>HK\$'000 | Trading<br>HK\$'000 | Fulfillment<br>HK\$'000 |                         |                   |
| Segment revenue                  |                         |                              |                       |                     |                         |                         |                   |
| External sales                   | 71,032                  | 32,534                       | 70,736                | 3,437               | 29,606                  | -                       | 207,345           |
| Inter-segment sales              | 7,723                   | 1,311                        | 5,819                 | -                   | 1,354                   | (16,207)                | -                 |
|                                  | <b>78,755</b>           | <b>33,845</b>                | <b>76,555</b>         | <b>3,437</b>        | <b>30,960</b>           | <b>(16,207)</b>         | <b>207,345</b>    |
| Segment results                  | <b>4,795</b>            | <b>4,093</b>                 | <b>6,688</b>          | <b>479</b>          | <b>4,513</b>            | <b>-</b>                | <b>20,568</b>     |
| Interest income                  |                         |                              |                       |                     |                         |                         | 1,653             |
| Other income                     |                         |                              |                       |                     |                         |                         | 1,622             |
| Other gains and losses, net      |                         |                              |                       |                     |                         |                         | (1,748)           |
| Administrative expenses          |                         |                              |                       |                     |                         |                         | (22,454)          |
| Share-based payment expenses     |                         |                              |                       |                     |                         |                         | (18)              |
| Finance costs                    |                         |                              |                       |                     |                         |                         | (2,955)           |
| Share of loss of a joint venture |                         |                              |                       |                     |                         |                         | (118)             |
| Loss before taxation             |                         |                              |                       |                     |                         |                         | <b>(3,450)</b>    |



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

#### **Timing of revenue recognition**

|  | Freight forwarding      |                           | Logistics<br>HK\$'000 | E-Commerce          |                         | Total<br>HK\$'000 |
|--|-------------------------|---------------------------|-----------------------|---------------------|-------------------------|-------------------|
|  | Air Freight<br>HK\$'000 | Ocean Freight<br>HK\$'000 |                       | Trading<br>HK\$'000 | Fulfillment<br>HK\$'000 |                   |
| For the six months ended<br>30 June 2021 (unaudited) |                         |                           |                       |                     |                         |                   |
| At a point in time                                   | -                       | -                         | -                     | 263                 | -                       | 263               |
| Overtime   | 82,643                  | 50,826                    | 53,926                | -                   | 74,615                  | 262,010           |
|  | <b>82,643</b>           | <b>50,826</b>             | <b>53,926</b>         | <b>263</b>          | <b>74,615</b>           | <b>262,273</b>    |
| For the six months ended<br>30 June 2020 (unaudited) |                         |                           |                       |                     |                         |                   |
| At a point in time                                   | -                       | -                         | -                     | 3,437               | -                       | 3,437             |
| Overtime   | 71,032                  | 32,534                    | 70,736                | -                   | 29,606                  | 203,908           |
|  | <b>71,032</b>           | <b>32,534</b>             | <b>70,736</b>         | <b>3,437</b>        | <b>29,606</b>           | <b>207,345</b>    |

## **5. INCOME TAX EXPENSE**

|                        | Six months ended                        |   |
|------------------------|---|---|
|                        | 30 June 2021<br>HK\$'000<br>(unaudited) | 30 June 2020<br>HK\$'000<br>(unaudited) |
| Hong Kong Profits Tax: |   |   |
| Current tax            | <b>2,156</b>                            | 49                                      |

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

## 6. PROFIT/(LOSS) FOR THE PERIOD

|  | Six months ended                        |   |
|--|---|---|
|  | 30 June 2021<br>HK\$'000<br>(unaudited) | 30 June 2020<br>HK\$'000<br>(unaudited) |
| Profit/(loss) for the period has been arrived at after charging: |   |   |
| Amortisation of computer software                                | 36                                      | 42                                      |
| Depreciation of property, plant and equipment                    | 1,813                                   | 2,027                                   |
| Depreciation of right-of-use assets                              | 18,689                                  | 17,067                                  |
| Directors' remuneration  | 3,533                                   | 1,833                                   |
| Other staff costs  |   |   |
| Salaries, bonus and allowances                                   | 26,045                                  | 20,687                                  |
| Retirement benefits scheme contributions                         | 1,043                                   | 955                                     |
| Equity-settled share option expenses                             | 261                                     | 18                                      |
| Total staff costs  | 30,882                                  | 23,493                                  |

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2021. The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2021.

## 8. EARNING/(LOSS) PER SHARE

The calculation of basic earning/(loss) per share for the relevant periods is based on the unaudited profit/(loss) attributable to owners of the Company for the relevant periods and on 600,000,000 (2020: 600,000,000) shares in issue during the relevant periods.

The calculation of the diluted earnings per share amounts is based on the unaudited consolidated profit for the six months ended 30 June 2021 attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of the Share Option Scheme. For the period ended 30 June 2020, diluted loss per share equals to basic loss per share because there are no potential dilutive shares outstanding. The calculations of basic and diluted earnings per share are based on:

|   | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) | 2021<br>HK\$'000<br>(unaudited) | 2020<br>HK\$'000<br>(unaudited) |
| <b>Earnings</b>   |                                 |                                 |                                 |                                 |
| Profit/(loss) attributable to owners of the Company, used in the basic earnings per share calculation | 7,422                           | (452)                           | 12,860                          | (3,532)                         |

|   | Number of shares   |             | Number of shares   |             |
|---|--------------------|-------------|--------------------|-------------|
|   | 2021               | 2020        | 2021               | 2020        |
| <b>Shares</b>   |                    |             |                    |             |
| Weighted average number of shares during the period, used in the basic earnings per share calculation | 600,000,000        | 600,000,000 | 600,000,000        | 600,000,000 |
| Effect of dilution — weighted average number of shares:   |                    |             |                    |             |
| Share option  | 2,883,892          | —           | 1,709,104          | —           |
|   | <b>602,883,892</b> | 600,000,000 | <b>601,709,104</b> | 600,000,000 |

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of approximately HK\$4,022,000 (2020: HK\$624,000).

## 10. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

|  | At<br>30 June<br>2021<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|--|--|--|
| Deposits placed in life insurance policies | 113,209  | 111,769  |

Reconciliation of the movement for deposit in life insurance policies:

|   | At<br>30 June<br>2021<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|---|--|--|
| At 1 January                            | 111,769  | 109,770  |
| Accrued interest earned during the year | 1,440  | 2,010  |
| Exchange realignment                    | —  | (11)   |
| At 30 June                              | <b>113,209</b>                                   | 111,769  |

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

## 11. TRADE AND OTHER RECEIVABLES

|   | At<br>30 June<br>2021<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|---|--|--|
| Trade receivables                           | 105,951  | 114,800  |
| Rental deposits                             | 7,313  | 7,968  |
| Other prepayments and deposits              | 6,698  | 5,336  |
| <b>Total trade and other receivables</b>    | <b>119,962</b>                                   | <b>128,104</b>                                     |
| Analysed as:                                |  |  |
| Current assets                              |  |  |
| Trade receivables                           | 105,951  | 114,800  |
| Other receivables, deposits and prepayments | 9,098  | 7,456  |
|   | <b>115,049</b>                                   | <b>122,256</b>                                     |
| Non-current assets                          |  |  |
| Rental deposits                             | 4,913  | 5,848  |
|   | <b>119,962</b>                                   | <b>128,104</b>                                     |

The Group allows a credit period ranging from 15 to 90 days (2020: 15 to 90 days) to its air and ocean freight forwarding and logistics customers and a credit period of 30 days (2020: 30 days) to its E-Commerce customers for its trade receivables.

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

|               | At<br>30 June<br>2021<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|---------------|--|--|
| 0–30 days     | 50,177   | 52,051   |
| 31–60 days    | 25,315   | 44,529   |
| 61–90 days    | 19,645   | 11,293   |
| 91–365 days   | 10,154   | 6,927  |
| Over 365 days | 660  | –  |
|               | <b>105,951</b>                                   | <b>114,800</b>                                     |

## 12. PLEDGED BANK DEPOSITS

As at 30 June 2021, the pledged bank deposits represented deposits pledged to banks to secure certain short-term banking facilities granted to the Group and were therefore classified as current assets. The pledged bank deposits would be released upon the settlement of the relevant bank borrowings. The pledged bank deposits carry fixed interest at rates of 0.01% and 2% per annum.

### 13. TRADE AND OTHER PAYABLES AND ACCRUALS

|   | <b>At<br/>30 June<br/>2021<br/>HK\$'000<br/>(unaudited)</b> | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|---|---|--|
| Trade payables                              | 42,106  | 48,658   |
| Other payables                              | 7,186   | 10,956   |
| Accruals                                    | 15,176  | 11,019   |
| Total trade and other payables and accruals | <b>64,468</b>   | 70,633   |

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:

|              | <b>At<br/>30 June<br/>2021<br/>HK\$'000<br/>(unaudited)</b> | At<br>31 December<br>2020<br>HK\$'000<br>(audited) |
|--------------|---|--|
| 0–30 days    | 24,483  | 29,253   |
| 31–60 days   | 9,216   | 11,718   |
| 61–90 days   | 4,520   | 4,317  |
| Over 90 days | 3,887   | 3,370  |
|              | <b>42,106</b>   | 48,658   |

As at 30 June 2021 and 31 December 2020, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

### 14. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured, interest-free and no fixed repayment terms.

### 15. BANK BORROWING

During the six months ended 30 June 2021, the Group had drawn down new bank borrowing amounting to HK\$15,691,000 (six months ended 30 June 2020: HK\$26,176,000) which carries variable market interest rates ranging from 2.17% to 2.24% per annum.

## 16. SHARE CAPITAL

|                                      | Number of<br>ordinary<br>Shares | Amount<br>HK\$ |
|--------------------------------------|---------------------------------|----------------|
| Ordinary Shares of HK\$0.01 each     |                                 |                |
| Authorised:                          |                                 |                |
| At 31 December 2019 and 30 June 2020 | 1,500,000,000                   | 15,000,000     |
| Issued and fully paid:               |                                 |                |
| At 31 December 2019 and 30 June 2020 | 600,000,000                     | 6,000,000      |
| Balance presented in HK\$'000        |                                 | 6,000          |

## 17. RELATED PARTY TRANSACTIONS

### Summary of significant related party transactions

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

| Notes  | Six months ended                        |   |
|--|---|---|
|  | 30 June 2021<br>HK\$'000<br>(unaudited) | 30 June 2020<br>HK\$'000<br>(unaudited) |
| Service fee income in respect of provision of warehouse and handling services to a joint venture | (i) –                                   | 21,192                                  |
| Service fee income in respect of provision of freight forwarding services to a joint venture     | (ii) 827                                | 588                                     |
| Service fee expenses in respect of provision of local delivery services from a joint venture     | (iii) 70                                | 151                                     |

Notes:

- (i) Warehouse and handling services were provided by Janco Logistics (HK) Limited, an indirectly wholly-owned subsidiary of the Company, to Jandoor Supply Chain Management Limited prior to the acquisition of Jandoor Supply Chain Management Limited as a subsidiary, at prices mutually agreed by both parties.
- (ii) Freight forwarding services was provided by Janco Global Logistics, indirectly wholly-owned subsidiaries of the Company, to Janco E-commerce Solutions (USA) Inc., a joint venture of the Group, at prices mutually agreed by both parties.
- (iii) Local delivery services were provided to Janco Global Logistics, Janco Logistics (HK) Limited, Janco E-commerce Solutions Limited, indirectly wholly-owned subsidiaries of the Company, from Janco E-commerce Solutions (USA) Inc., a joint venture of the Group, at prices mutually agreed by both parties.

# 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. Freight forwarding services form our core business. We purchase cargo space from airlines, shipping liners, other freight forwarders or general sales agents 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 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.

During the Period, we are expanding our e-commerce business to capture the growing opportunities arising from the increasing demand derived from the increasing e-commerce volume to the United States, other European countries and cross-border logistics activities. In addition, we are also expanding our e-commerce and fulfillment services for cross border e-commerce traffic from overseas as well as outbound traffic from China to worldwide.

Our competitive strengths are key factors contributing to our success 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.

## FUTURE PLANS

In the foreseeable future, we will continue to expand our e-commerce and fulfillment business. In addition, we are also seeking opportunities to expand our logistics business in Asia by locating different warehouses. Fin-tech logistics and cold chain logistics will be another core directions for the business expansion of the Group. Investments and new engagements with valuable partners to accelerate business growth in these areas will be strategically mapped out and executed.

The thriving of the e-commerce logistics market is expected to bring a positive growth in our e-commerce revenue in the future. To this end, we are constantly improving our selection of solutions to our customers to cater for their business needs. 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.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group increased by approximately 26.5% from approximately HK\$207.3 million for the six months ended 30 June 2020 to approximately HK\$262.3 million for the six months ended 30 June 2021. The increase in revenue for the six months ended 30 June 2021 was due to the increase in revenue generated from air freight forwarding services by approximately HK\$11.6 million, increase in revenue generated from ocean freight forwarding services by approximately HK\$18.3 million and increase in revenue generated from e-commerce fulfillment services by approximately HK\$45.0 million, which was partially offset by decrease in revenue generated from ancillary logistics services by approximately HK\$16.8 million and decrease in revenue generated from e-commerce trading services by approximately HK\$3.2 million for the six months ended 30 June 2021.



The increase in revenue from air freight forwarding services for the six months ended 30 June 2021 was mainly due to the rise in shipment volume under the orders placed by both of our existing and new customers during the Period.

The increase in revenue from ocean freight forwarding services for the six months ended 30 June 2021 was mainly due to a rebound of the shipment volume to normal after a significant drop due to COVID-19 during the same period of 2020.

The increase in revenue from e-commerce fulfillment services for the six months ended 30 June 2021 was mainly contributed by the increase in orders placed by new customers and our existing customers during the Period.

### **Cost of sales and gross profit**

Cost of sales increased by approximately 18.9% from approximately HK\$186.8 million for the six months ended 30 June 2020 to approximately HK\$222.1 million for the six months ended 30 June 2021. The increase in cost of sales was mainly attributable to the increase in ocean freight costs of approximately HK\$17.9 million, and increase in e-commerce fulfillment services costs of approximately HK\$34.2 million, which was partially offset by the decrease in warehouse direct costs of approximately HK\$22.7 million for the six months ended 30 June 2021.

Gross profit increased by approximately 94.7% from approximately HK\$20.6 million for the six months ended 30 June 2020 to approximately HK\$40.1 million for the six months ended 30 June 2021. Gross profit margin increased from approximately 9.9% for the six months ended 30 June 2020 to approximately 15.3% for the six months ended 30 June 2021.

The increase in gross profit and gross profit margin was mainly attributable to the increase in e-commerce courier services income which outweighed the increase in e-commerce courier services costs and the decrease in warehouse direct costs which outweighed the decrease in logistics service income.

## Administrative expenses

Administrative expenses increased by approximately 28.0% from approximately HK\$22.5 million for the six months ended 30 June 2020 to approximately HK\$28.8 million for the six months ended 30 June 2021. The increase in administrative expenses was mainly due to the increase in provision of management incentive of approximately HK\$2.7 million for the six months ended 30 June 2021.

## Income tax expense

Income tax expense represented the provision of Hong Kong profits tax calculated at 16.5% of the estimated assessable profits during the six months ended 30 June 2020 and 2021, respectively.

## Profit/(loss) attributable to owners

The Group recorded a profit attributable to owners of the Company of approximately HK\$12.9 million for the six months ended 30 June 2021 as compared to the loss attributable to owners of the Company of approximately HK\$3.5 million for the six months ended 30 June 2020. The increase in profit attributable to owners was mainly due to the increase in gross profit margin for our e-commerce fulfillment and logistics businesses for the six months ended 30 June 2021.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors determined not to pay an interim dividend for the six months ended 30 June 2021 (2020: Nil).

### LIQUIDITY AND FINANCIAL RESOURCES, GEARING RATIO

The current ratio of the Group as at 30 June 2021 was 0.68 times as compared to that of 0.64 times as at 31 December 2020. The gearing ratio, calculated based on the total obligations under bank borrowings, divided by total equity at the end of the period and multiplied by 100%, stood at approximately 193.6% as at 30 June 2021 (31 December 2020: approximately 249.3%). With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

During the six months ended 30 June 2021, the Group's main source of funds was mainly from cash generated from operating activities. As at 30 June 2021, the Group had bank balances and cash of approximately HK\$14.1 million (31 December 2020: approximately HK\$8.2 million), of which approximately 68.7%, approximately 22.3%, approximately 9.0% were denominated in HK\$, US dollars, and Renminbi respectively.

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

### CAPITAL STRUCTURE

The issued ordinary shares (the "**Shares**") of HK\$0.01 each in the share capital of the Company were initially listed on GEM (the "**Listing**") on 7 October 2016. There has been no change in the Company's capital structure since the Listing. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new Shares as well as the repayment of borrowings.

## SEGMENTAL INFORMATION

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

## CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2021, the Group had pledged its bank deposits and deposits placed in life insurance policies to a bank for an amount of approximately HK\$17.4 million and approximately HK\$113.2 million, respectively (31 December 2020: HK\$17.4 million and HK\$111.8 million, respectively) to secure the general banking facilities granted to the Group with an outstanding amount of indebtedness of approximately HK\$137.8 million as at 30 June 2021 (31 December 2020: HK\$143.7 million). The Group had no material contingent liabilities as at 30 June 2021 and as at 31 December 2020, respectively.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

## TREASURY POLICIES

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 169 (30 June 2020: 161) full time employees. The staff costs, including the Directors' emoluments, of the Group were approximately HK\$30.9 million for the six months ended 30 June 2021 (30 June 2020: approximately HK\$23.5 million). We determine the employee's remuneration based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions.

## DEFINED CONTRIBUTION SCHEME

The Group operates a defined contribution scheme, the Mandatory Provident Fund Scheme (the “**MPF Scheme**”), under the Mandatory Provident Fund Scheme Ordinance (cap. 485) for all employees who are eligible to participate in the MPF Scheme in Hong Kong. The Group’s employees are entitled to 100% of the Group’s contributions (and the Group’s contributions, when made, vest fully on its employees) together with accrued returns irrespective of their length of service with the Group. There were no forfeited contributions receivable for reduction of future contribution as at 31 December 2020 (2019: Nil) and as at 30 June 2021 (30 June 2020: Nil).

## ISSUE OF EQUITY SECURITIES

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

## SIGNIFICANT INVESTMENTS

Save for (a) investment in its subsidiaries by the Company and (b) a life insurance policy as disclosed below, the Group did not have any significant investments held as at 30 June 2021. Save as disclosed in this report, the Group does not have any plans for material investments or capital assets as at 30 June 2021.

### *Life insurance policy*

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

The following table sets forth the movement of the China Taiping Insurance during the period ended 30 June 2021:

|                         | Carrying amount as at 1 January 2021 | Disposal during the Period | Addition during the Period | Accrued interest earned during the Period | Carrying amount as at 30 June 2021 | Percentage to the Group’s total assets as at 30 June 2021 |
|-------------------------|--------------------------------------|----------------------------|----------------------------|---|------------------------------------|---|
|                         | HK\$’000                             | HK\$’000                   | HK\$’000                   | HK\$’000                                  | HK\$’000                           |   |
| China Taiping Insurance | 106,555                              | -                          | -                          | 1,406                                     | 107,961                            | 32.5  |

## MATERIAL ACQUISITIONS AND DISPOSALS

On 10 June 2021, the Group (through Sunset Edge Limited, an indirectly wholly-owned subsidiary of the Company) entered into a sale and purchase agreement (the “SPA”) with an independent third party for the acquisition of the entire issued share capital of Reitar Logtech Group Limited (the “Acquisition”) at the consideration of HK\$33,600,000, which was agreed to be settled by the allotment and issue of an aggregate of 120,000,000 new Shares (the “Consideration Shares”) at the issue price of HK\$0.28 per Consideration Share, subject to the conditions and upon the terms contained in the SPA. The Acquisition constituted a discloseable transaction for the Company under the GEM Listing Rules. As at the date of this report, the Acquisition contemplated under the SPA has not yet been completed. Please refer to the Company’s announcements dated 10 June 2021, 2 and 23 July 2021 for details and status of the Acquisition.

Save as disclosed above, the Group did not have any plans for material investments or capital assets as at 30 June 2021.

## PURCHASE, SALE OR REDEMPTION

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Shares.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Model Code”). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2021.

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

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

As at 30 June 2021, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests in the Company

#### *Long position in the Shares*

| <b>Name of Director/<br/>chief executive</b> | <b>Capacity/Nature<br/>of interest</b> | <b>Number of<br/>Shares held</b> | <b>Approximate<br/>percentage of<br/>shareholding<br/><i>(note)</i></b> |
|--|--|----------------------------------|---|
| Mr. Yuen Ching Bor<br>Stephen                | Beneficial owner                       | 980,000                          | 0.16%   |

*Note:* The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2021 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.

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

Under the share option scheme of the Company as mentioned in the section headed "Share Option Scheme" below, share options were granted to the following Directors which entitled them to subscribe for the Shares. Details of the share options of the Company held by them as at 30 June 2021 were as follows:

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

Note: The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



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

As at 30 June 2021, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or the debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

### *Long position in the Shares*

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

#### *Notes:*

1. These Shares are held by Million Venture, which is wholly-owned by Mr. Cheng Hon Yat. By virtue of the SFO, Mr. Cheng Hon Yat is deemed to be interested in all the Shares held by Million Venture.
2. Ms. Tai Choi Wan, Noel is the spouse of Mr. Cheng Hon Yat and is deemed, or taken to be, interested in all the Shares in which Mr. Cheng Hon Yat is interested under the SFO.
3. The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2021 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other persons (other than the Directors or the chief executive of the Company) or entities who had or deemed or taken to have an interest or a short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 23 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The principal terms of the Share Option Scheme are summarised in the 2020 annual report of the Company.

Under the Share Option Scheme, the Company may issue share options (the “**Options**”) to subscribe for up to 60,000,000 Shares (the “**General Scheme Limit**”), representing 10% of the total number of Shares in issue as at the date of the Listing. The General Scheme Limit remained unchanged as at the date of the 2020 annual report of the Company (that is, 19 March 2021).

On 24 June 2020, a total of 10,500,000 Options were granted under the Share Option Scheme. The closing price of the Shares immediately before the date on which these Options were granted was HK\$0.201.

As at 31 December 2020, 19 March 2021 (being the date of the 2020 annual report of the Company) and as at 30 June 2021:

- the maximum number of Shares that may be issued by the Company upon exercise of all outstanding Options already granted under the Share Option Scheme remained as 10,500,000, representing 1.75% of the total number of Shares in issue of the Company as at the relevant dates.
- the maximum number of Options that were available to be granted under the Share Option Scheme was 49,500,000, representing approximately 8.25% of the total number of Shares in issue of the Company as at the relevant dates.

Movement of the Options, which were granted under the Share Option Scheme, during the six months ended 30 June 2021 are listed below in accordance with Rule 23.07 of the GEM Listing Rules:

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

Notes:

- a. The weighted average closing price of the ordinary shares in the Company immediately before the date on which the Options were granted was HK\$0.2066.
- b. During the Period, no Option was transferred from/to other category, lapsed or cancelled under the Share Option Scheme.
- c. For the vesting schedule of the Options, 50% of the Options was vested on the respective grantees on 24 June 2021; and the remaining 50% of the Options will be vested on the respective grantees on 24 June 2022.
- d. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

The fair value of equity-settled share options granted during the year ended 31 December 2020 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

|                                 | 24/06/2020 |
|---------------------------------|------------|
| Dividend yield (%)              | 0.00%      |
| Historical volatility (%)       | 66.67%     |
| Risk-free interest rate (%)     | 0.64%      |
| Expected life of options (year) | 10         |

No other feature of the options granted was incorporated into the measurement of fair value.

The estimated fair value of the Options to each of the following categories of participants is set out below:

| <b>Category</b>             | <b>Number of<br/>Options granted</b> | <b>2020<br/>HK'000</b> |
|-----------------------------|--------------------------------------|------------------------|
| 1. Directors                |                                      |                        |
| Mr. Ng Chin Hung            | 3,000,000                            | 362                    |
| Mr. Cheng Tak Yuen          | 1,500,000                            | 181                    |
| 2. Employees (in aggregate) | 6,000,000                            | 723                    |
| <b>Total:</b>               | <b>10,500,000</b>                    | <b>1,266</b>           |

No share options were exercised during the Period ended 30 June 2021.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Other than the Share Option Scheme, at no time during the six months ended 30 June 2021 and up to the date of this report was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of 30 June 2021 or at any time during the six months ended 30 June 2021.

## **COMPETING INTEREST**

For the six months ended 30 June 2021, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## **CHANGE OF DIRECTORS DURING THE PERIOD**

Mr. Tai King Fung, Mr. Pang Chung Fai, Benny, and Mr. Chan Fei Fei resigned as executive Director, independent non-executive Director and independent non-executive Director, respectively, with effect from 5 May 2021. For more details, please refer to the Company's announcement dated 5 May 2021.

Mr. Yuen Ching Bor Stephen and Mr. Kwan Chi Hong were appointed as independent non-executive directors with effect from 7 May 2021. For more details, please refer to the Company's announcement dated 7 May 2021.

## **MATERIAL CHANGES**

Save as disclosed in this report, there have been no material changes in respect of any other matters since the publication of the Company's 2020 annual report.

## CORPORATE GOVERNANCE

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 six months ended 30 June 2021 (the “**Reporting Period**”), the Company had complied with all the code provisions (other than code provisions A.2.1 and A.5.1) of the CG Code.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ng Chin Hung (“**Mr. Ng**”) is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Ng has been working in the freight forwarding, logistics and supply chain industries for more than 35 years, the Board believes that it is in the best interests of the Group to have Mr. Ng taking up both roles for effective management and business development of the Group. Further, the Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors. Accordingly, the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate and acceptable in such circumstance.

CG Code provision A.5.1 stipulates that a listed issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. As announced in the Company’s announcement dated 5 May 2021, following the resignation of two independent non-executive Directors (namely Mr. Pang Chung Fai, Benny and Mr. Chan Fei Fei) on 5 May 2021 due to their other personal and business commitments (the “**Resignation of INEDs**”), the Company was not in strict compliance with the CG Code provision A.5.1. The non-compliance was promptly remedied by the Company following the appointment of Mr. Yuen Ching Bor Stephen and Mr. Kwan Chi Hong (the “**New INEDs**”) as new independent non-executive Directors on 7

May 2021. The Directors consider that the Company's corporate governance and any functions of the Board or the Board committees had not been compromised or negatively affected given the very short period of deviation from the CG Code provision A.5.1.

## **NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF THE GEM LISTING RULES**

Due to the Resignation of INEDs mentioned above, the Board had only one independent non-executive Director on 5 May 2021. As a result, the number of independent non-executive Directors fell below the minimum number required of the board of directors and of the audit committee of a listed issuer as required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. As disclosed under "Corporate Governance" above and following the appointment of the two New INEDs on 7 May 2021, the Company has since fully complied with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules accordingly.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this report.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE**

The Company has established its Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to, among other things, review and supervise the financial reporting system, risk management and internal control system of the Group, nominate and monitor the external auditor to review the Company's annual report and interim report (including the financial statements of the Group) and provide advice and comments thereon to the Board. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lee Kwong Chak Bonnio, Mr. Yuen Ching Bor Stephen and Mr. Kwan Chi Hong. Mr. Lee Kwong Chak Bonnio is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and was of the opinion that the preparation of such statements complied with applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made in respect thereof.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS BY THE AUDITOR**

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

By Order of the Board  
**Janco Holdings Limited**  
**Ng Chin Hung**  
*Chairman*

Hong Kong, 6 August 2021

*As at the date of this report, the executive Directors are Mr. Ng Chin Hung and Mr. Cheng Tak Yuen; and the independent non-executive Directors are Mr. Lee Kwong Chak Bonnie, Mr. Yuen Ching Bor Stephen and Mr. Kwan Chi Hong.*

*This report will remain on GEM’s website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at [www.jancofreight.com](http://www.jancofreight.com).*