



# Janco Holdings Limited 駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035

INTERIM REPORT

# 2023



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

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

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

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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

#### Non-Executive Directors

Mr. Tam Tsz Yeung Alan (*Chairman*)  
(appointed on 13 July 2023)

Mr. Liang Yuxi  
(appointed on 13 July 2023)

Mr. Chan Kin Chung  
(resigned on 13 July 2023)

#### Executive Directors

Mr. Cheng Tak Yuen

Mr. Heung Ka Lok  
(*Financial Controller*)

Mr. Lai Chung Wing  
(appointed on 13 July 2023)

#### Independent Non-Executive Directors

Mr. Chan William

Mr. Law Wing Tak Jack

Mr. Moy Yee Wo Matthew

Mr. Yu Kwok Fai

#### COMPANY SECRETARY

Mr. Chung Kiu Pan

#### COMPLIANCE OFFICER

Mr. Cheng Tak Yuen

#### AUTHORISED REPRESENTATIVES

Mr. Cheng Tak Yuen

Mr. Chung Kiu Pan

### BOARD COMMITTEES

#### Audit Committee

Mr. Moy Yee Wo Matthew (*Chairman*)

Mr. Chan William

Mr. Yu Kwok Fai

#### Remuneration Committee

Mr. Yu Kwok Fai (*Chairman*)

Mr. Chan William

Mr. Moy Yee Wo Matthew

#### Nomination Committee

Mr. Chan William (*Chairman*)

Mr. Moy Yee Wo Matthew

Mr. Yu Kwok Fai

### 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  
40th Floor, Jardine House,  
1 Connaught Place,  
Hong Kong

#### **AUDITOR**

McMillan Woods (Hong Kong) CPA  
Limited  
Certified Public Accountants  
24/F., Siu On Centre,  
188 Lockhart Road,  
Wanchai,  
Hong Kong

#### **COMPANY'S WEBSITE**

[www.jancofreight.com](http://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 AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

#### **PRINCIPAL BANKERS**

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

The Bank of East Asia, Limited  
38th Floor, BEA Tower,  
Millennium City 5  
418 Kwun Tong Road,  
Kowloon,  
Hong Kong

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

#### **STOCK CODE**

8035

## 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 2023 (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 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	60,245	127,011	131,430	262,044
Cost of sales		(54,668)	(112,601)	(118,872)	(229,107)
Gross profit		5,577	14,410	12,558	32,937
Interest income		778	725	1,564	1,446
Other income		206	2,050	213	2,054
Other gains and losses, net		(1,070)	(144)	(97)	(144)
Impairment loss on trade receivables		(91)	-	(91)	-
Administrative and selling expenses		(8,534)	(17,061)	(19,695)	(30,094)
Share-based payment expenses		-	(65)	-	(144)
(Loss)/profit from operation		(3,134)	85	(5,548)	6,055
Finance costs		(1,227)	(1,303)	(3,362)	(2,493)
Share of loss of a joint venture		(69)	(189)	(151)	(372)
(Loss)/profit before taxation		(4,430)	(1,577)	(9,061)	3,190
Income tax	5	(257)	133	(257)	(588)
(Loss)/profit for the period		(4,687)	(1,444)	(9,318)	2,602
Other comprehensive expenses after tax:					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating foreign operations		(9)	-	(7)	(37)
Total comprehensive (expense)/income for the period		(4,696)	(1,444)	(9,325)	2,565

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to:					
Owners of the Company		(4,429)	(827)	(9,115)	3,660
Non-controlling interests		(258)	(617)	(203)	(1,058)
		<b>(4,687)</b>	<b>(1,444)</b>	<b>(9,318)</b>	<b>2,602</b>
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(4,438)	(827)	(9,122)	3,623
Non-controlling interests		(258)	(617)	(203)	(1,058)
		<b>(4,696)</b>	<b>(1,444)</b>	<b>(9,325)</b>	<b>2,565</b>
(Loss)/earning per share					
— basic (HK cents)	8	(0.74)	(0.14)	(1.52)	0.61
(Loss)/earning per share					
— diluted (HK cents)	8	(0.74)	(0.14)	(1.52)	0.61

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	9,249	9,143
Computer software		399	267
Deposits placed in life insurance policies	10	–	5,352
Right-of-use assets		36,492	46,570
Interest in a joint venture		1,377	1,529
Deferred tax assets		279	171
Goodwill		61	61
Rental and other deposits	11	2,786	1,275
		<b>50,643</b>	<b>64,368</b>
<b>Current assets</b>			
Trade receivables	11	60,831	125,942
Other receivables, deposits and prepayments	11	14,412	17,911
Deposits placed in life insurance policies	10	116,497	115,037
Income tax recoverable		134	–
Pledged bank deposits	12	14,276	17,446
Bank balances and cash		12,133	10,131
		<b>218,283</b>	<b>286,467</b>
<b>Current liabilities</b>			
Trade payables	13	16,545	55,264
Other payables and accruals	13	13,765	31,205
Contract liabilities		959	1,206
Loan from a substantial shareholder	14	13,510	10,000
Due to non-controlling interests		–	656
Bank borrowings and overdrafts	15	110,000	113,748
Other borrowing		–	7,070
Lease liabilities		24,207	30,488
Tax payable		2,981	2,626
		<b>181,967</b>	<b>252,263</b>
<b>Net current assets</b>		<b>36,316</b>	<b>34,204</b>
<b>Total assets less current liabilities</b>		<b>86,959</b>	<b>98,572</b>



	<i>Note</i>	<b>At 30 June 2023 HK\$'000 (unaudited)</b>	At 31 December 2022 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>13,681</b>	16,103
Deferred tax liabilities		<b>767</b>	633
		<b>14,448</b>	16,736
<b>NET ASSETS</b>			
		<b>72,511</b>	81,836
<b>Capital and reserves</b>			
Share capital	16	<b>6,000</b>	6,000
Reserves		<b>63,937</b>	73,059
Equity attributable to owners of the Company		<b>69,937</b>	79,059
Non-controlling interests		<b>2,574</b>	2,777
<b>TOTAL EQUITY</b>		<b>72,511</b>	81,836

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital	Share premium	Capital reserve	Other reserve	Translation reserve	Share option reserve	Retained profits/ losses	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000 (Note (i))	HK\$'000 (Note (ii))	HK\$'000 (Note (iii))	HK\$'000 (Note (iv))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	6,000	47,755	17,659	4,658	(434)	362	3,059	79,059	2,777	81,836
Total comprehensive expense for the period	-	-	-	-	(7)	-	(9,115)	(9,122)	(203)	(9,325)
At 30 June 2023 (unaudited)	6,000	47,755	17,659	4,658	(441)	362	(6,056)	69,937	2,574	72,511
At 1 January 2022 (audited)	6,000	47,755	17,659	4,658	(627)	1,112	(2,287)	74,270	1,886	76,156
Total comprehensive (expense)/income for the period	-	-	-	-	(37)	-	3,660	3,623	(1,058)	2,565
Equity-settled share options arrangement	-	-	-	-	-	144	-	144	-	144
Lapse of share options	-	-	-	-	-	(170)	170	-	-	-
At 30 June 2022 (unaudited)	6,000	47,755	17,659	4,658	(664)	1,086	1,543	78,037	828	78,865

## Notes:

- (i) Capital reserve comprises (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 former controlling 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 Company, 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 represents an amount due to Mr. Cheng, being a former controlling shareholder of the Group and a former Director of the Company, amounting to HK\$4,658,000 which was settled by capitalisation of the same amount as deemed contribution in the year ended 31 December 2016.
- (iii) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (iv) The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors/employees of the Group.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>21,573</b>	26,920
<b>NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>8,030</b>	(795)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(27,594)</b>	(24,156)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,009</b>	1,969
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(7)</b>	(37)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>10,131</b>	14,913
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>12,133</b>	16,845
Represented by:		
Bank balances and cash	<b>12,133</b>	18,425
Bank overdrafts	<b>–</b>	(1,580)
	<b>12,133</b>	16,845

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 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 is an investment holding company. The principal activities of its subsidiaries include (i) provision of air and ocean freight forwarding services; (ii) provision of logistics and warehousing services; and (iii) provision of e-commerce fulfillment services and others.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of this interim report.

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

### Application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**")

For the Period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs for the Period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 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 are as follows:

- (i) Freight forwarding — provision of air freight and ocean freight forwarding services
- (ii) Logistics and warehousing — provision of warehousing and other ancillary logistics services
- (iii) E-Commerce — provision of fulfillment services and trading of consumables 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:

#### **Disaggregation of revenue from contracts with customers:**

*For the six months ended 30 June 2023 (unaudited)*

	Freight forwarding		Logistics and warehousing	E-Commerce	Elimination	Total
	Air Freight HK\$'000	Ocean Freight HK\$'000				
Segment revenue						
External sales	33,941	12,170	42,674	42,645	-	131,430
Inter-segment sales	480	56	32,918	86	(33,540)	-
	<b>34,421</b>	<b>12,226</b>	<b>75,592</b>	<b>42,731</b>	<b>(33,540)</b>	<b>131,430</b>
Segment results	<b>1,683</b>	<b>1,354</b>	<b>4,351</b>	<b>5,170</b>	<b>-</b>	<b>12,558</b>
Interest income						1,564
Other income						213
Other gains and losses, net						(97)
Impairment loss on trade receivables						(91)
Administrative and selling expenses						(19,695)
Finance costs						(3,362)
Share of loss of a joint venture						(151)
Loss before taxation						<b>(9,061)</b>

For the six months ended 30 June 2022 (unaudited)

	Freight forwarding		Logistics and warehousing HK\$'000	E-Commerce HK\$'000	Elimination HK\$'000	Total HK\$'000
	Air Freight HK\$'000	Ocean Freight HK\$'000				
Segment revenue						
External sales	78,308	63,463	60,223	60,050	–	262,044
Inter-segment sales	1,749	867	26,915	5,586	(35,117)	–
	80,057	64,330	87,138	65,636	(35,117)	262,044
Segment results	5,999	12,003	10,845	4,090	–	32,937
Interest income						1,446
Other income						2,054
Other gains and losses, net						(144)
Administrative and selling expenses						(30,094)
Share-based payment expenses						(144)
Finance costs						(2,493)
Share of loss of a joint venture						(372)
Profit before taxation						3,190

Segment results mainly represented profit from each segment without allocation of interest income, other income, net other gains and losses, impairment loss on trade receivables, administrative and selling expenses, share-based payment 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 and warehousing HK\$'000	E-Commerce HK\$'000	Total HK\$'000
	Air Freight HK\$'000	Ocean Freight HK\$'000			
For the six months ended 30 June 2023 (unaudited)					
At a point in time	–	–	–	81	81
Overtime	33,941	12,170	42,674	42,564	131,349
	33,941	12,170	42,674	42,645	131,430
For the six months ended 30 June 2022 (unaudited)					
At a point in time	–	–	–	70	70
Overtime	78,308	63,463	60,223	59,980	261,974
	78,308	63,463	60,223	60,050	262,044

## 5. INCOME TAX

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax	–	588
Under-provision in prior years	231	–
	<b>231</b>	588
Deferred tax	26	–
	<b>257</b>	588

For the six months ended 30 June 2023, Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No provision for Hong Kong Profits Tax has been recognised in the unaudited condensed consolidated financial statements as the Group did not generate any assessable profits in Hong Kong for the six months ended 30 June 2023.

For the six months ended 30 June 2022, Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for that period.

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

	Six months ended	
	30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
(Loss)/profit for the period has been arrived at after charging:		
Amortisation of computer software	74	46
Depreciation of property, plant and equipment	2,057	2,876
Depreciation of right-of-use assets	16,646	15,277
Loss on surrender of a life insurance policy	903	–
Directors' remuneration	2,003	3,698
Other staff costs		
Salaries, bonus and allowances	25,058	28,923
Retirement benefits scheme contributions	983	1,101
Equity-settled share option expenses	–	66
Total staff costs	<b>28,044</b>	33,788

## 7. DIVIDENDS

No dividends were paid, declared or proposed for the six months ended 30 June 2023 and 30 June 2022. The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2023.

## 8. (LOSS)/EARNING PER SHARE

The calculations of basic and diluted (loss)/earning per share are based on:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>(Loss)/profit</b>				
(Loss)/profit for the period attributable to the owners of the Company	(4,429)	(827)	(9,115)	3,660
	Number of shares		Number of shares	
	2023	2022	2023	2022
<b>Shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	600,000,000	600,000,000	600,000,000	600,000,000

The effect of the Company's outstanding share options for the Period did not give rise to any dilution effect to the loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$2,451,000 (2022: HK\$2,056,000).

## 10. DEPOSITS PLACED IN LIFE INSURANCE POLICIES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Deposits placed in life insurance policies		
Non-current portion	–	5,352
Current portion	116,497	115,037
	<b>116,497</b>	<b>120,389</b>



Reconciliation of the movement for deposits placed in life insurance policies:

	<b>At 30 June 2023 HK\$'000 (unaudited)</b>	At 31 December 2022 HK\$'000 (audited)
At the beginning of the year	<b>120,389</b>	114,650
Accrued interest earned during the period	<b>1,460</b>	2,953
Surrender of a life insurance policy during the period	<b>(5,352)</b>	–
Change arising from change of cash flow estimates	–	2,786
At the end of the period	<b>116,497</b>	120,389

Two deposits placed in life insurances policies with principal amounts of HK\$100,000,000 (“**Insurance policy A**”) and US\$644,000 (“**Insurance policy B**”) (collectively referred to as the “**Insurance Policies**”) 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 Insurance policy A and 15th policy year for Insurance policy B. The effective interest rates of Insurance policy A and Insurance policy B are and 2.64% and 1.31% per annum, respectively, which is determined on initial recognition by discounting the estimated future cash receipts over the expected life of policies of 15 years.

The Group originally intended to hold the Insurance Policies until the end of their expected life of 15 years. During the year ended 31 December 2022, the management of the Group resolved to surrender Insurance policy A within 12 months after the end of that reporting period. During the Period, the Group has surrendered the Insurance policy B, a loss of HK\$903,000 has been recognised in the profit or loss of the Period.

The decisions are in response to the Group’s increasing borrowings costs due to recent interest rate changes of global environment, of which could result a less favorable position for the Group to hold the Insurance Policies until the end of their expected lives, and these arrangements would also optimise the Group’s capital structure through liquidity management. The management of the Group considers such plan is consistent with the business model for holding financial assets to receive contractual cash flows as an objective, as such, there was no changes in the business model of operating these deposits and the classification of the deposits placed for life insurance policies as financial assets at amortised costs is still appropriate.

As such, the deposit paid for the Insurance policy A of HK\$116,497,000 (31 December 2022: HK\$115,037,000) is classified as current assets.

## 11. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
Trade receivables	60,831	125,942
Rental deposits	8,793	8,556
Other receivables, deposits and prepayments	8,405	10,630
	<b>17,198</b>	19,186
Total trade and other receivables	<b>78,029</b>	145,128
Analysed as:		
Current assets:		
Trade receivables	60,831	125,942
Other receivables, prepayments and deposits	14,412	17,911
	<b>75,243</b>	143,853
Non-current assets:		
Rental and other deposits	2,786	1,275
	<b>78,029</b>	145,128

The Group allows a credit period ranging from 15 to 90 days (31 December 2022: 15 to 90 days) to its air and ocean freight forwarding customers and a credit period of 30 days (31 December 2022: 30 days) to its logistics and warehousing and 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 30 June 2023 HK\$'000 (unaudited)	At 31 December 2022 HK\$'000 (audited)
0 to 30 days	22,971	47,795
31 to 60 days	11,640	26,812
61 to 90 days	4,964	12,653
91 to 365 days	5,098	9,876
Over 365 days	16,158	28,806
	<b>60,831</b>	125,942

## 12. PLEDGED BANK DEPOSITS

As at 30 June 2023, 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 0.05% (31 December 2022: 0.05%) per annum.

## 13. TRADE AND OTHER PAYABLES

	<b>At 30 June 2023 HK\$'000 (unaudited)</b>	At 31 December 2022 HK\$'000 (audited)
Trade payables	<b>16,545</b>	55,264
Other payables	<b>4,227</b>	7,337
Accruals	<b>9,538</b>	23,868
	<b>13,765</b>	31,205
Total trade payables and other payables	<b>30,310</b>	86,469

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 30 June 2023 HK\$'000 (unaudited)</b>	At 31 December 2022 HK\$'000 (audited)
0 to 30 days	<b>8,171</b>	21,719
31 to 60 days	<b>2,691</b>	14,516
61 to 90 days	<b>1,687</b>	3,587
Over 90 days	<b>3,996</b>	15,442
	<b>16,545</b>	55,264

As at 30 June 2023 and 31 December 2022, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

## 14. LOAN FROM A SUBSTANTIAL SHAREHOLDER

On 14 November 2022 and 8 March 2023, the Company entered into loan agreements with Million Venture Holdings Limited, a substantial shareholder of the Company, pursuant to which a substantial shareholder agreed to lend and the Company agreed to borrow a principal amount of HK\$10,000,000 (the "Shareholder Loan A") and US\$450,000 (the "Shareholder Loan B") respectively. The loans are secured by corporate guarantees given by certain Hong Kong subsidiaries of the Company and carry interest rate at 10% per annum.

Shareholder Loan A is repayable on 14 November 2023, and Shareholder Loan B was repaid on 7 July 2023.

## 15. BANK BORROWINGS AND OVERDRAFTS

During the six months ended 30 June 2023, the Group had repaid new bank borrowings amounting to HK\$3,748,000 (2022: drawn down HK\$5,500,000).

As at 30 June 2023, the Group's bank borrowings and overdrafts carry variable market interest rates ranging from 2.8% to 7.2% (31 December 2022: ranging from 2.1% to 5.1%) per annum.

## 16. SHARE CAPITAL

	<b>Number of ordinary Shares</b>	<b>Amount</b> <i>HK\$'000</i>
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	1,500,000,000	15,000
Issued and fully paid:		
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	600,000,000	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 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)
Service fee income in respect of provision of freight forwarding services to a joint venture	(i)	21	1,653
Service fee expenses in respect of provision of logistics and warehousing services from a joint venture	(ii)	–	92
Interest expense on loan from a substantial shareholder	(iii)	631	–

Notes:

- (i) Freight forwarding services were provided by Janco Global Logistics Limited, an indirect wholly-owned subsidiary of the Company, to Janco E-Commerce Solutions (USA) Inc. ("JEC USA"), a joint venture of the Group, at prices mutually agreed by both parties.
- (ii) Logistics and warehousing services were provided to Janco Global Logistics Limited, an indirect wholly-owned subsidiary of the Company, from JEC USA, a joint venture of the Group, at prices mutually agreed by both parties.
- (iii) Interest expenses charged by Million Venture Holdings Limited, a substantial shareholder of the Company, on a loan from the substantial shareholder.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was founded in 1990 in Hong Kong and has been developing earnestly in the logistics industry. As a well-established freight forwarding and logistics one-stop service provider, provision of freight forwarding services forms our core business. We purchase cargo space from airlines, shipping liners, general sales agents (“**GSA**”) and either sell it to direct shippers or sell it to other freight forwarders who act on behalf of their shipper customers.

A majority of our customers is direct shipper customers, and we solve their needs by exporting their goods from Hong Kong to worldwide destinations through provision of air freight and ocean freight services. We are particularly successful in destinations in Asia, such as Bangladesh, Sri Lanka, and alongside the Mekong River countries, such as Cambodia and Vietnam. During the Period, the Group’s freight forwarding services (including air freight and ocean freight forwarding services) accounted for approximately 35.1% of the total revenue in aggregate.

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.

From 2019, we have further developed into the provision of E-Commerce fulfillment services. We have set up and have been running a fulfillment service based on up-to-date mobile applications to provide cross-border logistics activities in response to the increasing demand for E-Commerce from the People’s Republic of China (the “**PRC**”), and international clients in the United States of America, Europe, Canada and Australia. Such operation successfully grows into providing procurement activities, local distribution and fulfillment services, for example, for the much needed pharmaceutical and medical products.

With our successful and competitive experience in the logistics industry since 1990s, we have steadily developed, with a view to extend our services and capture new business opportunities by utilising our strengths and capabilities and our business acquaintances. We strive to consolidate our relationships with our long-term suppliers, customers from all sectors, as well as network and technology providers with our comprehensive product portfolios and cargo knowledge to continue to develop new and successful business for the Group.

## **OUTLOOK**

The general outlook of the business environment will remain challenging. In 2023, the reopening of borders and the relaxation of the pandemic prevention measures in Hong Kong and the PRC will expect to improve customers' orders. However, we remain cautious about the increasing price in fuel and labour, alongside with interest expenses.

The Group believes and is confident that the economy of Hong Kong is gradually recovering, which will benefit the logistics industry. The pandemic has made people more health-conscious and reliant on e-commerce platforms. Therefore, our cold chain logistics solutions and e-commerce fulfillment services will continue to develop and will make strides. Our cold chain logistics management solutions have been developed with high-end, reliable and temperature-controlled technology for transporting and storing pharmaceuticals, health care products, food and skin care products. Going forward, we will continue to invest huge effort to further develop and expand our e-commerce fulfillment services segment by improving operating efficiency with robotic-aid enhancement systems. In addition, the Group has been actively taking measures to develop appropriate products and services to the market.

The management will continue strictly controlling costs and implementing pricing adjustments to increase profitability. Nonetheless, the Group will constantly review business strategies, improve operational efficiency and strive for sustainable growth to create long-term value for shareholders and investors.

## FINANCIAL REVIEW

### Revenue and costs of sales

Revenue of the Group decreased by 49.8% from HK\$262.0 million for the six months ended 30 June 2022 to HK\$131.4 million for the Period.

Revenue from air freight forwarding services decreased by HK\$44.4 million from HK\$78.3 million for the six months ended 30 June 2022 to HK\$33.9 million for the Period. Revenue from ocean freight forwarding services decreased by HK\$51.3 million from HK\$63.5 million for the six months ended 30 June 2022 to HK\$12.2 million for the Period.

The changes are as a result of the (i) recovery of shipment volume affected by the outbreak of COVID-19 and economic downturn are slower than anticipated; and (ii) significant drop in freight containers' price charged to customers comparing with the six months ended 30 June 2022, of which the supply of freight carriers was insufficient.

Revenue from logistics and warehousing services decreased by HK\$17.5 million from HK\$60.2 million for the six months ended 30 June 2022 to HK\$42.7 million for the Period, resulting from the completion of our engagement by the Hong Kong Government to distribute anti-epidemic service bags and electronic wristbands in January 2023.

Revenue from e-commerce decreased by HK\$17.5 million from HK\$60.1 million for the six months ended 30 June 2022 to HK\$42.6 million for the Period, which was due to a change of operating model with certain major customers of the Group of this segment.

Cost of sales decreased by 48.1% from HK\$229.1 million for the six months ended 30 June 2022 to HK\$118.9 million for the Period. The decrease was mainly due to reduction of direct costs due to decrease in shipment volume and number of orders received in each of our core segments.



## Gross profit

Gross profit decreased by 61.9% from HK\$32.9 million for the six months ended 30 June 2022 to HK\$12.6 million for the Period. The decrease in gross profit was due to the decrease in gross profit from freight forwarding services and logistics and warehousing services. This effect is partially offset by the improvement in gross profit from e-commerce fulfillment services.

Gross profit margin decreased by 3.0% from 12.6% for the six months ended 30 June 2022 to 9.6% for the Period.

The decrease in gross profit from freight forwarding services was resulted from the recovery of shipment volume affected by the outbreak of COVID-19 and economic downturn, which is slower than expected and significant drop in freight containers' price charged to customers, as well as decrease in gross profit margin due to the increase in direct shipping costs.

The decrease in gross profit from logistics and warehousing services mainly due to the completion of our engagement to distribute the anti-epidemic service bags and electronic wristbands by the Hong Kong Government in January 2023.

Despite the above, the gross profit from e-commerce fulfillment services improved our customers mix with higher margin and improved our rates charged to customers.

## Other gains and losses, net

Other gains and losses, net mainly comprised loss on surrender of a life insurance policy of HK\$0.9 million, which outweighs a gain from disposal of property, plant and equipment of HK\$0.7 million for the Period.

## Administrative and selling expenses

Administrative and selling expenses decreased by approximately HK\$10.4 million from HK\$30.1 million for the six months ended 30 June 2022 to HK\$19.7 million for the Period. The decrease in administrative expenses was primarily due to the (i) decrease in legal and professional fees for the Period as the professional fees for on-going litigations for the six months ended 30 June 2022 was no longer incurred by the Group; (ii) reduction of staff salaries and allowance due to the decrease in the number of employees for the Period; and (iii) reduction in overall spending through cost control initiatives.

## Loss attributable to owners

The Group recorded a loss attributable to owners of the Company of HK\$9.1 million for the Period as compared to a profit attributable to the owners of the Company of HK\$3.7 million for the six months ended 30 June 2022.

The loss attributable to owners of the Company for the Period was mainly resulted from the (i) decrease in shipment volume and revenue from air and ocean freight forwarding services as the recovery of shipment volume affected by the outbreak of COVID-19 and economic downturn are slower than anticipated and significant drop in freight containers' price charged to customers; (ii) decrease in gross profit and gross profit margin from logistics and warehousing services; (iii) loss on surrender of a life insurance policy; and (iv) increase in finance costs due to increase in bank borrowing rates and increase in interest expenses on a loan from a substantial shareholder and other borrowings which did not exist for the six months ended 30 June 2022.

Notwithstanding the above, the Group recorded (i) an increase in gross profit from e-commerce fulfillment services; and (ii) a decrease in administrative and selling expenses which is primarily due to the decrease in legal and professional fees for the Period as the professional fees for on-going litigations for the six months ended 30 June 2022 was no longer incurred by the Group for the Period; and (iii) a decrease in salaries and allowances due to the decrease in the number of employees for the Period.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors determined not to pay any interim dividend for the Period (2022: Nil).

### LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 30 June 2023 was 1.20 times as compared to that of 1.14 times as at 31 December 2022, which is due to our improvement in working capital management for the Period.

The gearing ratio of the Group, which is calculated based on the total obligations under bank borrowings and overdrafts, other borrowing, and loan from a substantial shareholder divided by total equity at the end of the reporting period and multiplied by 100%, has increased to 170.3% as at 30 June 2023 from 159.9% as at 31 December 2022. The increase is mainly due to increase in loan from a substantial shareholder during the Period and decrease in net assets value due to operating loss incurred by the Group during the Period, which is partially offset with repayment of other borrowing of HK\$7.1 million during the Period. With available bank balances, bank and cash, and credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

### 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 during the Period. 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 2023, the Group had certain charges on assets which included (i) bank deposits of approximately HK\$14.3 million (31 December 2022: HK\$17.4 million) and (ii) deposits placed in life insurance policies to a bank for an amount of approximately HK\$116.5 million (31 December 2022: HK\$120.4 million) pledged as collateral for the Group's bank borrowings and overdrafts and facilities of HK\$110.0 million (31 December 2022: HK\$113.7 million).

The Group had no material contingent liabilities as at 30 June 2023 and 31 December 2022.

## EXPOSURE TO EXCHANGE RATE FLUCTUATION

As the Group's revenue generating operations are mainly transacted in HK\$, Renminbi and United States Dollars ("US\$"), the Directors consider the impact of foreign exchange exposure to the Group is minimal since HK\$ is pegged to US\$. 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 2023, the Group employed 149 (31 December 2022: 179) full time employees. The staff costs, including the Directors' emoluments, of the Group were HK\$28.0 million for the Period (30 June 2022: HK\$33.8 million). The employee's remuneration is determined 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 (Chapter 485 of the Laws of Hong Kong) for those 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 30 June 2023 and 31 December 2022 and 30 June 2022.

## ISSUE OF EQUITY SECURITIES

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

## SIGNIFICANT INVESTMENTS

Save for (i) investment in its subsidiaries by the Company; and (ii) a life insurance policy as disclosed below, the Group did not have any significant investments held as at 30 June 2023. Save as disclosed in this report, the Group does not have any other plans for material investments or capital assets as at 30 June 2023.

### Life insurance policy

In July 2018, Janco Global Logistics Limited ("**Janco Global**"), a wholly-owned 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.

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

The background and key terms of the China Taiping Insurance are set out in the Company's announcement dated 3 January 2020. As disclosed in the 2022 annual report of the Company, the Company intends to surrender the China Taiping Insurance before 31 December 2023.

The following table sets forth the movements of the China Taiping Insurance during the period ended 30 June 2023:

	Carrying amount as at 1 January 2023 <i>HK\$'000</i>	Accrued interest earned during the Period <i>HK\$'000</i>	Carrying amount as at 30 June 2023 <i>HK\$'000</i>	Percentage to the Group's total assets as at 30 June 2023
China Taiping Insurance	115,037	1,460	116,497	43.3%

## MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

## PURCHASE, SALE OR REDEMPTION

During the Period, 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 with 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 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/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 2023, 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 underlying shares of equity derivatives of the Company

Under the share option scheme of the Company (the “**Share Option Scheme**”) as mentioned in the section headed “Share Option Scheme” below, share options of the Company (the “**Options**”) were granted to the following Directors which entitled them to subscribe for the Shares. Details of the Options held by them as at 30 June 2023 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. Cheng Tak Yuen	24 June 2020	24/06/2021	24/06/2021– 23/06/2030	750,000		
		24/06/2022	24/06/2022– 23/06/2030	750,000	0.2066	0.25%

Note: The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, 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 2023, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares, the underlying Shares or the debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

### Long position in the Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding (Note 3)
Million Venture Holdings Limited ("Million Venture")	Beneficial owner	156,000,000	26%
Ms. Tai Choi Wan, Noel	Interest in a controlled corporation (Note 1)	156,000,000	26%
Mr. Cheng Hon Yat	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 Ms. Tai Choi Wan, Noel ("**Ms. Tai**"). By virtue of the SFO, Ms. Tai is deemed to be interested in all the Shares held by Million Venture.
2. Mr. Cheng Hon Yat is the spouse of Ms. Tai and is deemed, or taken to be, interested in all the Shares in which Ms. Tai 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 2023 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 Options granted by the Company.

Save as disclosed above, as at 30 June 2023, 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 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 2022 annual report of the Company.

Under the Share Option Scheme, the Company may issue share 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 Listing. The General Scheme Limit remained unchanged as at 30 June 2023 and 31 December 2022.

As at 30 June 2023, a total of 3,000,000 share options granted under the Share Option Scheme were outstanding.

Movement of the Options, which were granted under the Share Option Scheme, during the Period are listed below in accordance with Rule 23.07 of the GEM Listing Rules:

Category	Date of grant	Vesting date (Note b)	Number of Options					Outstanding as at 30 June 2023	Exercise price	
			Outstanding as at 1 January 2023	Granted (Notes a)	Exercised (Notes a)	Cancelled	Lapsed		HK\$	Exercise period
1. Directors										
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%)	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
<b>Total:</b>			<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>		

Notes:

- 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.
- 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 was vested on the respective grantees on 24 June 2022.
- There are no participants with Options granted in excess of the individual limit and no grants to suppliers of goods and services.

No share options were exercised during the Period.

As disclosed in the 2022 annual report of the Company, the Company is aware that amendments were made to Chapter 23 of the GEM Listing Rules, which have come into effect on 1 January 2023, which include, among others, revising the scope of eligible participants of share option schemes and setting out the minimum vesting period requirements. The Company will only grant the share options in compliance with the amended Chapter 23 of the GEM Listing Rules and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange. Going forward, the Company will also consider to amend the Share Option Scheme so as to comply with the new requirements under Chapter 23 of the GEM Listing Rules, in any event not later than the refreshment or expiry of the scheme mandate; or to adopt a new share option scheme that comply with the requirements under the amended Chapter 23 of the GEM Listing Rules.

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

Other than the Share Option Scheme disclosed above, at no time during the Period 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 2023 or at any time during the Period.

## **COMPETING INTEREST**

For the Period, 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.

## MATERIAL CHANGES

Save as disclosed, there have been no material changes in respect of any matters since the publication of the Company's 2022 annual report.

## CORPORATE GOVERNANCE

During the Period, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

### Changes in Directors and of important executive functions and responsibilities of members of the Board

With effect from 13 July 2023, (i) Mr. Lai Chung Wing has been appointed as an executive Director; (ii) Mr. Chan Kin Chung resigned as a non-executive Director and the chairman of the Board (the "**Chairman**"); (iii) Mr. Tam Tsz Yeung Alan has been appointed as a non-executive Director and the new Chairman; and (iv) Mr. Liang Yuxi has been appointed as a non-executive Director. For details, please refer to the announcement of the Company dated 13 July 2023.

Saved as disclosed, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 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. Moy Yee Wo Matthew, Mr. Chan William, and Mr. Yu Kwok Fai, with Mr. Moy Yee Wo Matthew being the chairman.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period 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.

By Order of the Board  
**Janco Holdings Limited**  
**Tam Tsz Yeung**  
*Chairman*

Hong Kong, 14 August 2023

*As at the date of this report, the executive Directors are Mr. Cheng Tak Yuen, Mr. Heung Ka Lok (Financial Controller) and Mr. Lai Chung Wing, the non-executive Directors are Mr. Tam Tsz Yeung Alan (Chairman) and Mr. Liang Yuxi, and the independent non-executive Directors are Mr. Chan William, Mr. Law Wing Tak Jack, Mr. Moy Yee Wo Matthew and Mr. Yu Kwok Fai.*

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