Janco Holdings Limited
駿高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8035

ANNUAL REPORT

2024

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors (NEDs)

Mr. Tam Tsz Yeung Alan *(Chairman)*
Mr. Liang Yuxi
Ms. Cheung Man Yee Kara (resigned on 1 March 2024)

Executive Directors (EDs)

Mr. Chan Kwok Wai (appointed on 18 December 2024)
Mr. Lai Chung Wing
Mr. Lo Wai Wah (appointed on 1 March 2024)
Mr. Cheng Tak Yuen (resigned on 1 March 2024)
Mr. Heung Ka Lok (resigned on 30 November 2024)

Independent Non-Executive Directors (INEDs)

Ms. Chik Wai Chun (appointed on 18 December 2024)
Mr. Moy Yee Wo Matthew
Mr. Yu Kwok Fai
Mr. Chan William (resigned on 18 December 2024)

COMPANY SECRETARY

Mr. Chung Kiu Pan

AUTHORISED REPRESENTATIVES

Mr. Chung Kiu Pan
Mr. Lo Wai Wah (appointed on 30 November 2024)

BOARD COMMITTEES

Audit Committee

Mr. Moy Yee Wo Matthew *(Chairman)*
Ms. Chik Wai Chun (appointed on 18 December 2024)
Mr. Yu Kwok Fai
Mr. Chan William (resigned on 18 December 2024)

Remuneration Committee

Mr. Yu Kwok Fai *(Chairman)*
Ms. Chik Wai Chun (appointed on 18 December 2024)
Mr. Moy Yee Wo Matthew
Mr. Chan William (resigned on 18 December 2024)

Nomination Committee

Ms. Chik Wai Chun *(Chairman)*
(appointed on 18 December 2024)
Mr. Moy Yee Wo Matthew
Mr. Yu Kwok Fai
Mr. Chan William (resigned on 18 December 2024)

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1608, 16th Floor
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Kwun Tong, Kowloon
Hong Kong

HONG KONG LEGAL ADVISER

TC & Co., Solicitors
Units 501–2, 5/F
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

CORPORATE INFORMATION

AUDITOR

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

COMPANY'S WEBSITE

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PRINCIPAL SHARE REGISTRAR

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PO Box 2681
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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

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

STOCK CODE

8035

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established in 1990 in Hong Kong, our Group has made significant strides in the logistics industry. As a highly regarded freight forwarding and one-stop logistics service provider, our core business revolves around offering exceptional high quality freight forwarding services. We secure cargo space from airlines, shipping liners, general sales agents ("**GSA**"), and then sell it to either direct shippers or other freight forwarders who act on behalf of their shipper clients. While the majority of our customers are direct shippers, we cater for their requirements by exporting their goods from Hong Kong to various global destinations through our air and ocean freight services. We have particularly excelled in serving destinations in Asia, including Bangladesh, India, Sri Lanka, and countries along the Mekong River, such as Vietnam. In the previous year, our freight forwarding services, encompassing air and ocean freight, accounted for approximately 47.9% of our total revenue.

In addition to our core freight forwarding services, we strategically offer ancillary logistics and warehousing services, primarily at our warehouses, to meet the growing demand of our customers for customized value-added logistics solutions. These services include both forward and reverse logistics, and B2B (business to business) and B2C (business to consumer) omni channel fulfillment. Our ancillary logistics services encompass warehousing, repacking, labeling, palletizing, and local delivery within Hong Kong. By integrating these services with our core freight forwarding offerings, we have created a unique corporate identity that resonates with our shipper customers.

Since 2019, we have expanded our operations to include e-commerce fulfillment services. Through cutting-edge mobile applications, we have established a cross-border logistics platform to cater to the increasing demand for e-commerce services from the People's Republic of China ("**PRC**") and international clients in the United States, Europe, Canada, and Australia. This venture has grown to include procurement activities, local distribution, and fulfillment services, particularly for pharmaceutical and medical products.

Drawing on our successful and competitive experience in the logistics industry since the 1990s, our Group has steadily evolved, aiming to extend our services and seize new business opportunities by leveraging our strengths, capabilities, and business connections. We are committed to strengthening our relationships with long-term suppliers, customers from all sectors, as well as network and technology providers. With our comprehensive product portfolios and extensive cargo knowledge, we strive to foster new and prosperous business opportunities for the Group.

OUTLOOK

The Hong Kong economy faces significant challenges in 2024 due to geopolitical tensions, high interest rates and weak global demand. These factors have contributed to a slow recovery and uncertainties on consumer demand and interest rates, which further dampened expectations on the global economy for the first half of the year. Navigating through the risks such as trade protectionism, international conflicts, and forthcoming elections in main economies adds complexity to the business environment.

However, the Greater Bay Area ("**GBA**") initiative has facilitated the integration of transport networks, which results in rapid growth in air cargo logistics across the region. This integration has presented opportunities for service providers to collaborate and establish strategic cooperation platforms. Moreover, the rise of online retail represents a substantial potential for e-commerce to drive growth in the logistics sector, as online sales currently account for less than 20% of total retail value worldwide. This trend underscores the importance of adapting to the demand for integrated and specialized logistics solutions.

In response to these evolving market dynamics, our Group has reinforced its commitment to local delivery and warehousing management services in 2024. We have recognized the need to adopt advanced technologies, such as transport and warehouse management systems, big data analytics and other digital solutions to enhance our competitiveness over other market players. Furthermore, our management team remains committed to implement strict cost control measures and strategic pricing adjustments to drive profitability improvements. We have successfully secured new contracts with reputable clients, including the Hospital Authority, which is expected to contribute to the revenue of the Group in 2024. By leveraging technology, optimizing costs, and expanding our client base, we are confident in our ability to strengthen the Group's market position and deliver sustainable growth in the business of the Group in the years ahead. Moving forward, the Group will continue to carefully manage its costs and profit margin to strive for ongoing improvement.

FINANCIAL REVIEW

Overview

Our revenue was predominately generated from our freight forwarding services, logistics and warehousing services, and e-commerce for the years ended 31 December 2024 ("**FY2024**") and 31 December 2023 ("**FY2023**"). For FY2024, our aggregated amount of revenue was approximately HK$250.8 million, as comparing with HK$265.6 million for FY2023. Our loss attributable to owners of the Company (the "**Shareholders**") amounted to approximately HK$18.4 million for FY2024, as comparing with the loss attributable to the Shareholders of approximately HK$18.2 million for FY2023.

Revenue and costs of sales

We generate revenue from the provision of our core freight forwarding services and our logistics and warehousing services (including e-commerce business). The revenue recorded represents the fair value of the consideration received or receivable and represents amounts received or receivable for services provided in our normal course of business and net of discount.

Revenue of the Group decreased by 5.6% from HK$265.6 million for FY2023 to HK$250.8 million for FY2024, representing a decrease in revenue from various operating segments.

Revenue from the air freight forwarding services increased by HK$12.0 million from HK$77.6 million for FY2023 to HK$89.6 million for FY2024, which is primarily due to the increase in air freight tonnage handled by the Group for FY2024.

Revenue from the ocean freight forwarding services increased by HK$7.3 million from HK$23.2 million for FY2023 to HK$30.5 million for FY2024, since we managed to obtain a more favourable rate from certain major customers during FY2024. The Group has reviewed the resources allocated to our ocean freight business and rebalance our investments to the Freight Forwarding Department. We have simplified the management structure of the Freight Forwarding Department and reduced its headcounts. With these cost containment measures, the ocean freight forwarding segment is able to maintain the same gross profit margin for the 12 months ended 31 December 2024 with that for the year ended 31 December 2023.

Revenue from the logistics and warehousing services increased by approximately HK$11.2 million from HK$81.5 million for FY2023 to HK$92.7 million for FY2024, due to an increase in the number of logistic customers despite the fact that we have been challenged by a global increase in the rental expenses, together with a reduction in charge price dues to keen competition in the Hong Kong warehouse storage market. To face these challenges, the Group has continued to monitor the staff usage of the warehouse, of which permanent head count of our FKH warehouse has been reduced.

Revenue from the e-commerce business decreased by approximately HK$45.4 million from approximately HK$83.4 million for FY2023 to HK$38.0 million for FY2024, due to a reduction in the number of B2C orders received as a result of the changes of the geographical operation strategies in Hong Kong. To cater for the reduction of order placements during FY2024, the Group has reduced the usage of temporary workers for both the warehousing and the e-commerce business.

The following is a summary which sets forth the revenue contributed by each of our business segments for FY2024 and FY2023:

Revenue by business segment

	Year ended 31 December			
	2024		2023	
	HK$'000	**%**	HK$'000	%
Freight forwarding	**120,079**	**47.9**	100,709	37.9
— Air freight	**89,559**	**35.7**	77,559	29.2
— Ocean freight	**30,520**	**12.2**	23,150	8.7
Logistics and warehousing	**92,711**	**37.0**	81,542	30.7
E-commerce	**37,981**	**15.1**	83,389	31.4
Total	**250,771**	**100.0**	265,640	100.0

Cost of sales and gross profit

Cost of sales decreased by 4.4% from HK$238.5 million for FY2023 to HK$228.0 million for FY2024. The decrease was mainly due to a reduction of (i) direct costs due to the decrease in shipment volume and number of orders received in each of our core segments; and (ii) reduction of temporary workers costs due to improvement of production efficiency of our warehouse staff.

The following is a summary review which sets forth the costs of sales incurred by each of our business segments for FY2024 and FY2023:

Cost of sales by business segment

	Year ended 31 December			
	2024		2023	
	HK$'000	**%**	HK$'000	%
Freight forwarding	**108,171**	**47.4**	95,136	39.8
— Air freight	**81,033**	**35.5**	73,792	30.9
— Ocean freight	**27,138**	**11.9**	21,344	8.9
Logistics and warehousing	**81,577**	**35.8**	71,068	29.9
E-commerce	**38,276**	**16.8**	72,313	30.3
Total	**228,024**	**100.0**	238,517	100.0

Gross profit and gross profit margin by business segment

Gross profit decreased by 16.2% from HK$27.1 million for FY2023 to HK$22.7 million for FY2024 due to the decrease in revenue and the decrease in the gross profit margin from various operating segments.

Gross profit margin decreased by 1.1% from 10.2% for FY2023 to 9.1% for FY2024.

Gross profit from the freight forwarding services increased by 112.5% from HK$5.6 million for FY2023 to HK$11.9 million for FY2024. The increase in the gross profit from the freight forwarding services was due to (i) we managed to obtain from certain major customers a more favourable rate and (ii) an increase in air freight tonnage handle by the Group.

Gross profit from the logistics and warehousing services increased by 5.7% from HK$10.5 million for FY2023 to HK$11.1 million for FY2024. The increase in the gross profit from the logistics and warehousing services was mainly due to our focus on attracting and obtaining logistics customers.

Despite the above, the gross loss from the e-commerce fulfillment services decreased by 102.7% from HK$11.1 million for FY2023 to HK$(0.3) million for FY2024, due to a reduction in the number of B2C orders reduced.

The following is a summary which sets forth the gross profit generated by each of our business segments, and their corresponding gross profit margin, for FY2024 and FY2023:

	Year ended 31 December			
	2024		2023	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	HK$'000	**%**	HK$'000	%
Freight forwarding	**11,908**	**9.9**	5,573	5.5
— Air freight	**8,526**	**9.5**	3,767	4.9
— Ocean freight	**3,382**	**11.1**	1,806	7.8
Logistics and warehousing	**11,134**	**12.0**	10,474	12.8
E-commerce	**(295)**	**(0.8)**	11,076	13.3
Total	**22,747**	**9.1**	27,123	10.2

Other income

Other income decreased by approximately HK$2.3 million from HK$2.9 million for FY2023 to HK$0.6 million for FY2024. The decrease was mainly due to the surrender of life insurance policies during year 2023.

Other gains and losses, net

Other gains and losses improved from a HK$619,000 loss in FY2023 to a HK$10,000 gain in FY2024. This change was driven by (i) HK$122,000 loss from selling old equipment used in the cold chain operation that ended earlier; (ii) exchange loss of HK$281,000, Lower than last year's HK$627,000; (iii) HK$234,000 gain from ending property leases early (FY2023: HK$18,000 gain); (iv) HK$179,000 recovered from bad debts (FY2023: none); and (v) no life insurance policy loss this year, compared to HK$883,000 last year.

Administrative and selling expenses

Administrative and selling expenses decreased by approximately HK$5.4 million from HK$41.2 million for FY2023 to HK$35.8 million for FY2024. The decrease in administrative expenses was primarily due to (i) the decrease in legal and professional fee in 2024; (ii) the decrease in the insurance expenses/premiums; (iii) a decrease in other administrative expenses (which include a reduction in the payroll) after the implementation of a general cost containment programme.

Loss attributable to owners

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of HK$18.4 million for FY2024, as compared to a loss attributable to the owners of the Company of HK$18.2 million for FY2023.

The loss attributable to owners of the Company for FY2024 increased by HK$0.2 million when compared with that for the 12 months ended 31 December 2023. The increase was mainly due to the increase in impairment loss on amount due from a joint venture and impairment loss on trade receivable.

Due to the decrease in the overall gross profit, the Group has continued to monitor the usage of our valuable resources and regularly reviews the efficiency of our expenditures and has adopted several measures to reduce the administrative expenses and the finance costs. These measures include: (i) reduction of headcount and payroll expenses, including managerial costs; (ii) restructure the source of financing to minimize the interest expenses; and (iii) reduction legal and professional fee.

LIQUIDITY AND FINANCIAL RESOURCES

The Group operates a conservative set of funding and treasury policies to preserve the value of the Group's assets and to ensure that no unnecessary risk is taken with respect to the Group's assets. No financial instruments other than bank deposits were held by the Group during FY2024.

As at 31 December 2024, the Group had cash and cash equivalents, which consists of bank and cash balances, net with bank overdrafts, of approximately HK$13.2 million (2023: approximately HK$11.7 million). Most of the Group's cash and bank deposits were denominated in HK$ and USD. The current ratio (which is calculated based on the total current assets divided by the total liabilities at the end of the year) of the Group as at 31 December 2024 was 1.08 times as compared to that of 1.53 times as at 31 December 2023.

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 year and multiplied by 100%, has increased to 29.9% as at 31 December 2024 from 4.9% as at 31 December 2023. With the available bank balances, bank and cash, and credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL COMMITMENT

As at 31 December 2024, the Group did not have any material capital commitment (2023: Nil).

CAPITAL STRUCTURE

There had been no change in the Company's capital structure during FY2024. The capital structure of the Group consists of equity attributable to the owners of the Company which comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of the review, the Directors will 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 6 to the consolidated financial statements in this report.

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

The total interest-bearing bank borrowings and overdrafts of the Group amounted to approximately HK$11.3 million as at 31 December 2024 (2023: approximately HK$3.0 million). All bank borrowings and overdrafts made by the Group were denominated in HK$ and none of the bank borrowings were at a fixed interest rate. As at 31 December 2024, all bank borrowings of the Group were at floating interest rates with reference to the Hong Kong Interbank Offered Rate (HIBOR). The maturity profile of the bank borrowings and overdrafts of the Group is as follows:

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Within one year or on demand	**11,323**	3,000

As at 31 December 2024, the Group had certain charges on its assets which included bank deposits of HK$17.6 million (2023: HK$16 million) pledged as collateral for the Group's bank borrowings and facilities.

The Group had no material contingent liabilities as at 31 December 2024 (2023: nil).

MATERIAL ACQUISITIONS AND DISPOSAL

During the FY2024, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in HK$ and USD, and the Directors consider the impact of foreign exchange exposure to the Group is minimal since HK$ is pegged to USD. The Group currently does not have a foreign currency hedging policy. The management will consider hedging significant currency exposure should the need arise. As at 31 December 2024, the Group did not have any financial instruments for hedging purposes or any foreign currency investments which were hedged by currency borrowings and other hedging instruments. However, the management monitors foreign exchange exposure closely to keep the net exposure at an acceptable level.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 113 (31 December 2023: 138) full time employees. The staff costs, including the Directors' emoluments, of the Group were HK$38.6 million for FY2024 (FY2023: HK$48.9 million), which represents a decrease of 21.1% compared with that for FY2023. The decrease is primary due to the decrease in the number of staff as compared with that for FY2023. The employee's remuneration is determined based on factors such as their performance, qualification, position, duty, contributions, years of experience and local market conditions, which is normally reviewed on an annual basis. Apart from salary payments, staff are also entitled to other staff benefits such as continuing education subsidies, provident fund contributions, medical insurance coverage, annual leave, discretionary bonus and share options which may be granted under the share option scheme adopted by the Company. The Group also provides induction and other on-the-job trainings to employees on a regular basis.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the investment in its subsidiaries by the Company, the Group did not have any significant investments held as at 31 December 2024. The Group did not have any plans for material investments or capital assets as at 31 December 2024.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Kwok Wai, aged 51, is as an Executive Director of the Company. He has also served as an Executive Director of the Company from April 2016 to October 2019. He also serves as the Chief Commercial Officer of the Group and is responsible for overseeing the daily business operations and developing and implementing strategic sales and marketing plans for the freight forwarding business of the Group. Mr. Chan completed his secondary education in 1990s and has around 33 years of experience in the freight forwarding and logistics industries and over 31 years of experience in sales and marketing in such industries.

Prior to joining the Group, Mr. Chan worked as a shipping clerk in Maersk Hong Kong Limited, a company engaging in the provision of container shipping and terminals, freight forwarding services and logistics services from July 1991 to March 1993. In April 1993, He joined JFX Limited, a company which operates the freight forwarding business of the Group in Hong Kong, as a sales executive. He was promoted to the position of assistant sales manager, sales manager and sales director of JFXL Limited in January 1994, January 1995 and January 1999 respectively, and was later transferred to Janco Global Logistics Limited, an indirect wholly-owned subsidiary of the Group, in September 2015. He left the Group in September 2022 and rejoined the Group as the Chief Commercial Officer in October 2024.

Mr. Lai Chung Wing, aged 41, is an Executive Director of the Group.

Mr. Lai has over 18 years of experience in the logistics industry. He joined the Group in 2007 and is responsible for overseeing the freight business, logistics, supply chain and e-commerce solutions, I.T. infrastructure, system development and business development of the Group.

Mr. Lo Wai Wah, aged 54, is an Executive Director of the Company and the Logistics Director of the Group. He is responsible for overseeing the logistics business of the Group which includes the daily operations of the warehouses and the overall development of the logistics business.

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

Mr. Lo graduated from the City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) with a Bachelor's Degree of Arts in Business Studies in November 1993. He obtained a Diploma in Integrated Certificate of Shipping, Import and Export Practice from the School of Continuing Education in August 1998 and a Diploma in Initial Training in Dangerous Goods Handling from the Cathay Pacific Airways Training School in Hong Kong in June 2005. He further obtained a Master's Degree of Arts in International Business Management from the City University of Hong Kong in November 2000 and a Master's Degree of Science in Industrial Logistics Systems from The Hong Kong Polytechnic University in December 2005.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Tam Tsz Yeung Alan, aged 47, is a Non-executive Director and the Chairman of the Board of the Company.

Mr. Tam completed his MEng in Civil Engineering and Master in Finance Degree at the Imperial College London and has over 22 years of experience in the finance industry. He has worked in real estate private equity at Deutsche Bank, Merrill Lynch, HSBC NF Investment, and Cushman & Wakefield. He is the chief executive officer and co-founder of Nobo Group and Nobo Capital Management, as well as the chief executive officer and founder of Alliance Strategy. He has extensive experience in real estate private equity and outbound investment in global capital markets.

Mr. Liang Yuxi, aged 44, is a Non-executive Director of the Company.

Mr. Liang completed his Bachelor's Degree of Sport Management from the Hong Kong Baptist University and has over 20 years of experience in the real estate brokerage and investment industry. He has served as the Business Development Director of Janco Global Logistics Limited since December 2022.

He was the director and co-founder of Realty Solution Consultants (HK) Limited, an asset consultancy firm covering the commercial office and capital market in Hong Kong and has been an investment director of Peak Capital LLP, a private equity fund looking at real estate investment with value-added opportunities. He currently also serves as a director of Cogen Advisory Limited, an advisory company focusing on Greater China real estate investment.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chik Wai Chun, aged 40, is as an Independent Non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee of the Company. She has over 17 years of experience in auditing, accounting, corporate governance and company secretarial matters.

Ms. Chik obtained a Master of Corporate Governance Degree from The Hong Kong Polytechnic University in September 2015. She was admitted as a member of CPA Australia in June 2011. She was also certified as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in September 2011 and was admitted as an associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in March 2016.

Ms. Chik currently serves as the company's secretary of (i) P.B. Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8331) and (ii) FingerTango Inc., a company listed on the Main Board of the Stock Exchange (stock code: 6860). She is also the head of the Company Secretarial Department of P.B. Advisory Limited and a consultant of the Company Secretarial Department of Trinity Corporate Solutions Limited. She also serves as an independent non-executive director of Boltek Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8601), and an independent director of Top Wealth Group Holding Ltd, a company listed on Nasdaq (ticker: TWG), an independent director of Ming Shing Group Holdings Limited, a company listed on Nasdaq (ticker: MSW) and Click Holdings Limited, a company listed on Nasdaq (ticker: CLIK).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Moy Yee Wo Matthew, aged 46, is an Independent Non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee of the Company.

Mr. Moy has over 23 years of experience in the finance industry. Mr. Moy graduated with a Bachelor of Business Administration in Accounting Degree and a Master of Business Administration Degree from The Hong Kong University of Science and Technology. He has been a certified public accountant of The Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Moy is currently the chief financial officer of AiNsemi Technology Limited. From February 2019 to May 2024, Mr. Moy served as the chief financial officer and the company secretary of Apollo Future Mobility Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 860). From August 2012 to January 2019, Mr. Moy served as the chief financial officer, the company secretary and an authorised representative of China Silver Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 815). Mr. Moy has been an independent non-executive director of Chi Ho Development Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8423) since February 2017 and an independent non-executive director of Great Wall Pan Asia Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 583) since March 2025. From June 2017 to November 2023, Mr. Moy served as an independent non-executive director of Reach New Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8471). From September 2024 to March 2025, Mr. Moy served as an independent non-executive director of Elife Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 223). In addition, he has served as an independent director of Click Holdings Limited, a company listed on NASDAQ in the United States (stock code: CLIK) since September 2024.

Mr. Yu Kwok Fai, aged 44, is an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company.

Mr. Yu has over 21 years of experience in the fields of health food manufacturing and healthcare staffing solutions. Mr. Yu obtained a Bachelor of Science Degree in Civil Engineering from the National Taiwan University in 2003. Mr. Yu also obtained a Certificate in Personnel Administration and Operations from the Hong Kong Management Association in 2011 and a Certificate for Caring Ambassador awarded by the Hong Kong Council of Social Services from 2011 to 2013. From April 2022 to March 2023, Mr. Yu served as the Chapter President of BNI Association Limited, and in January 2025, he was appointed as a BNI Hong Kong Director Consultant. From August 2003 to July 2012, Mr. Yu worked at Real Nutriceutical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2010), where his last position was an administrative manager. From August 2012 to March 2014, Mr. Yu worked as an administrative manager and the management representative of ISO (International Organization for Standardisation) 9001 and ISO 10002 in Bamboos Professional Nursing Services Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2293). Since December 2014, Mr. Yu has been a director and general manager of Care U Professional Nursing Service Limited and was appointed as an ISO internal QMS (Quality Management System) Auditor for ISO compliance matters since June 2020.

COMPANY SECRETARY

Mr. Chung Kiu Pan, aged 39, has an extensive financial, accounting and company secretarial experience. Mr. Chung graduated with a Bachelor of Business Administration Degree majoring in Professional Accountancy from The Chinese University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants, and a certified public accountant (practising) of The Accounting and Financial Reporting Council. From May 2022 to April 2023, Mr. Chung has been the company secretary of hmvod Limited, a company listed on GEM of the Stock Exchange (stock code: 8103). Mr. Chung is currently the chief financial officer and the company secretary of Chi Ho Development Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8423).

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help safeguarding the interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 (formerly 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, a Nomination Committee and a Remuneration Committee with specific written terms of reference. During the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"), the Company had complied with all the code provisions of the CG Code.

CORPORATE CULTURE

The Group recognises that a good corporate culture is vital to its corporate governance and has gradually developed a pragmatic and prudent corporate culture since its establishment, which has been reflected in the overall operations and management of the Group, in order to facilitate the long-term sustainability of the Group. The Group makes every effort to uphold a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. In order to establish a healthy corporate culture and promote high ethical standards within the Group, the Group has established an Anti-corruption Policy and a Whistle-blowing Policy, which set outs, including but not limited to, (i) the types of breaches and conduct issues, and the personnel to which the policies apply; (ii) declaration of conflicting interests mechanisms; (iii) responsibilities of the relevant department(s) of the Group; (iv) consequences for breaching the relevant policies; and (v) whistle-blowing policy, with an aim to encourage our employees to report behaviour that is not in line with the principles of ethics and the Group's policies such as events that are non-compliant with the Group's policies, laws, rules, regulations, general practice of financial reporting and internal control.

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 Year.

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 the securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

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

	Date of appointment	Date of resignation/ retirement
Executive Directors *(EDs)*		
Mr. Chan Kwok Wai	18 December 2024	–
Mr. Lai Chung Wing	13 July 2023	–
Mr. Lo Wai Wah	1 March 2024	–
Mr. Heung Ka Lok *(Financial Controller)*	28 October 2022	30 November 2024
Non-Executive Directors *(NEDs)*		
Mr. Tam Tsz Yeung Alan *(Chairman)*[(i)]	13 July 2023	–
Mr. Liang Yuxi	13 July 2023	–
Ms. Cheung Man Yee Kara	1 September 2023	1 March 2024
Independent non-executive Directors *(INEDs)*		
Ms. Chik Wai Chun	18 December 2024	–
Mr. Moy Yee Wo Matthew	28 October 2022	–
Mr. Yu Kwok Fai	28 October 2022	–
Mr. Chan William	10 June 2022	18 December 2024

(i) Mr. Tam Tsz Yeung Alan was appointed as Chairman of the Board on 13 July 2023.

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

BOARD INDEPENDENCE

Pursuant to code provision B.1.4 of the CG Code, the Board has established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) Independent Non-executive Directors are encouraged to actively participate in the Board meetings; (ii) to discourage to re-elect long-serving Independent Non-executive Directors; (iii) the number of Independent Non-executive Directors must comply with the requirement under the GEM Listing Rules; and (iv) the Independent Non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

In compliance with rules 5.05(1), (2) and 5.05A of the GEM Listing Rules, during the Reporting Period and up to the date of this annual report, the Company has appointed at least three Independent Non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence according to rule 5.09 of the GEM Listing Rules, and upon the recommendation of the Nomination Committee, the Company considers them to be independent in accordance with the various factors set out in rule 5.09 of the GEM Listing Rules.

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

Pursuant to code provision E.1.9 of the CG Code, the Company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence. The Independent Non-executive Directors have not been granted equity-based remuneration during the Reporting Period and up to the date of this annual report.

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

BOARD MEETINGS AND GENERAL MEETINGS

The Board is scheduled to meet regularly at least four times a year, and the Directors will receive at least 14 days' prior written notice of such meetings in compliance with code provisions C.5.1 and C.5.3 of the CG Code, respectively, of the CG Code. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the documents.

During the Reporting Period, 6 Board meetings were held. The attendance record of each Director at the Board meetings, the annual general meeting of the Company held on 21 June 2024 ("**2024 AGM**") is set out in the table below:

	Number of attendance/ number of Board meetings during the Directors' term of appointment in FY2024	Attendance of 2024 AGM
Executive Directors (EDs)		
Mr. Chan Kwok Wai (appointed on 18 December 2024)	N/A	N/A
Mr. Lai Chung Wing	4/4	1/1
Mr. Lo Wai Wah (appointed on 1 March 2024)	3/3	1/1
Mr. Cheng Tak Yuen (resigned on 1 March 2024)	N/A	N/A
Mr. Heung Ka Lok *(Financial Controller)* (resigned on 30 November 2024)	4/4	1/1
Non-Executive Directors (NEDs)		
Mr. Tam Tsz Yeung Alan *(Chairman)*	4/4	1/1
Mr. Liang Yuxi	4/4	1/1
Ms. Cheung Man Yee Kara (resigned on 1 March 2024)	N/A	N/A
Independent non-Executive Directors (INEDs)		
Ms. Chik Wai Chun (appointed on 18 December 2024)	N/A	N/A
Mr. Moy Yee Wo Matthew	4/4	1/1
Mr. Yu Kwok Fai	4/4	1/1
Mr. Chan William (resigned on 18 December 2024)	3/4	1/1

To supplement the formal Board meetings, the Chairman held regular meetings with Director(s) to consider issues in both formal and informal settings.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in code provision A.2.1 of the CG Code, such as developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board will hold meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings will be given to all the Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

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

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

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

FUNCTIONS OF THE BOARD

The principal functions of the Board include:

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

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

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

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

— approving nominations to the Board;

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

— assuming overall responsibility for corporate governance.

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

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from their respective date of appointment subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in accordance with the articles of association of the Company (the "**Articles**"). Each of the Independent Non-executive Directors has entered into an appointment letter with the Company for an initial term of one year commencing from their respective date of appointment and subject to renewal and termination by either party in accordance with the terms thereof and retirement and re-election provisions in the Articles.

Under code provision B.2.2 of the CG Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision C.1.4 of the CG Code, all the Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

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

	Attending seminar(s)/ Reading relevant materials in relation to the business or directors' duties Yes/No
Executive Directors (EDs)	
Mr. Chan Kwok Wai (appointed on 18 December 2024)	
Mr. Lai Chung Wing	Yes
Mr. Lo Wai Wah (appointed on 1 March 2024)	Yes
Mr. Cheng Tak Yuen (resigned on 1 March 2024)	Yes
Mr. Heung Ka Lok *(Financial Controller)* (resigned on 30 November 2024)	Yes
Non-Executive Directors (NEDs)	
Mr. Tam Tsz Yeung Alan *(Chairman)*	Yes
Mr. Liang Yuxi	Yes
Ms. Cheung Man Yee Kara (resigned on 1 March 2024)	Yes
Independent Non-Executive Directors (INEDs)	
Ms. Chik Wai Chun (appointed on 18 December 2024)	Yes
Mr. Moy Yee Wo Matthew	Yes
Mr. Yu Kwok Fai	Yes
Mr. Chan William (resigned on 18 December 2024)	Yes

REMUNERATION POLICY OF THE DIRECTORS

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's Remuneration Policy for Directors is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals. The Group's Remuneration Policy for Directors is, therefore, aiming at providing competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration is reviewed annually and are subject to Shareholders' approval.

BOARD COMMITTEES

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

Audit Committee

The Company has established an Audit Committee on 23 September 2016 in compliance with rule 5.28 of the GEM Listing Rules. As at the date of this annual report and up to the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Moy Yee Wo Matthew, Ms. Chik Wai Chun, and Mr. Yu Kwok Fai, with Mr. Moy Yee Wo Matthew being the chairman. Written terms of reference in compliance with code provision D.3.3 of the CG Code have been adopted. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the independent external auditor and to review and supervise the financial reporting process and internal control and risk management systems of the Group.

During the Reporting Period, 5 Audit Committee meetings were held. The Audit Committee, among other matters, have reviewed the Group's annual consolidated financial statements, annual, interim and quarterly reports; discussed the risk management and internal control systems of the Group; met with the independent external auditor and reviewed report from the independent external auditor regarding their audit on the Group's annual consolidated financial statements. The attendance record of each Audit Committee member at the Audit Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Audit Committee meetings during the Directors' term of appointment in FY2024
Independent non-executive Directors	
Mr. Moy Yee Wo Matthew *(Chairman)*	2/2
Ms. Chik Wai Chun (appointed on 18 December 2024)	N/A
Mr. Yu Kwok Fai	2/2
Mr. Chan William (resigned on 18 December 2024)	1/2

Remuneration Committee

The Company established the Remuneration Committee with written term of reference. As at the date of this annual report, the Remuneration Committee comprises Mr. Yu Kwok Fai, Mr. Chan William and Mr. Moy Yee Wo Matthew, with Mr. Yu Kwok Fai being the chairman. Written terms of reference in compliance with code provision E.1.2 of the CG Code have been adopted. The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management and make recommendations to the Board of the remuneration of Independent Non-executive Directors and to review and/or approve matters relating to share schemes established under Chapter 23 of the GEM Listing Rules.

During the Reporting Period, 3 Remuneration Committee meeting was held. The Remuneration Committee, among other matters, determined the policy and made recommendations to the Board in relation to remuneration-related matters of the Directors and senior management; assessed the performance of the Directors and senior management and approved terms of service agreement of the newly appointed Directors. The attendance record of each Remuneration Committee member at the Remuneration Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Remuneration Committee meetings during the Directors' term of appointment in FY2024
Independent non-executive Directors	
Mr. Yu Kwok Fai *(Chairman)*	1/1
Ms. Chik Wai Chun (appointed on 18 December 2024)	N/A
Mr. Moy Yee Wo Matthew	1/1
Mr. Chan William (resigned on 18 December 2024)	0/1

Nomination Committee

The Company has established a Nomination Committee with written terms of reference. As at the date of this annual report, the Nomination Committee comprises Ms. Chik Wai Chun, Mr. Moy Yee Wo Matthew and Mr. Yu Kwok Fai, with Ms. Chik Wai Chun being the chairman. Written terms of reference in compliance with code provision B.3.1 of the CG Code have been adopted. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors, and to assess the independence of the Independent non-executive Directors.

During the Reporting Period, 3 Nomination Committee meetings were held whereat the Nomination Committee, among other matters, reviewed the structure, size and composition of the Board, reviewed the Board nomination policy, reviewed the Board diversity policy, reviewed the level of diversity of the Board, assessed the independence of the independent non-executive Directors and made recommendations to the Board for considering the re-appointment of the retiring Directors at the 2024 AGM. During FY2024, the Nomination Committee has reviewed and considered the skills, experience, qualifications and education background of each of the newly appointed Directors, namely Mr. Chan Kwok Wai and Ms. Chik Wai Chun, in relation to their respective appointment as a Director. The Nomination Committee and the Board have formed the view that, with the new Directors' rich experience in their respective fields and qualifications, the new Directors will be able to bring valuable additions to the Board and will further enrich the spectrum of skills, experience and diversity of perspectives of the Board, thereby enhancing the diversity and effectiveness of the Board. The attendance record of each Nomination Committee member at the Nomination Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Nomination Committee meetings during the Directors' term of appointment in FY2024
Independent non-executive Directors	
Ms. Chik Wai Chun *(Chairman)* (appointed on 18 December 2024)	N/A
Mr. Moy Yee Wo Matthew	1/1
Mr. Yu Kwok Fai	1/1
Mr. Chan William (resigned on 18 December 2024)	0/1

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management (excluding Directors) by band during the year ended 31 December 2024 is set out below:

Remuneration band (HK$)	Number of person(s)
Nil to HK$1,000,000	1
HK$1,000,000 to HK$1,500,000	Nil

Board Nomination Policy

The Company adopted a nomination policy (the "**Nomination Policy**") on 9 November 2018 in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to the Nomination Committee to identify individuals suitably qualified to become Board members and to make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;
- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- for Independent Non-executive Directors, whether the candidate would be considered independent with reference to the Independence Guidelines set out in the GEM Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

Nomination Procedures

The Company has put in place the following Director nomination procedures:

Appointment of New and Replacement Directors

(i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

(ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

Re-election of Directors and Nomination from Shareholders

(i) Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to a general meeting in accordance with the GEM Listing Rules.

(ii) Any Shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary of the Company within the lodgement period specified in the relevant Shareholders' circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his/her willingness to stand for election, and (c) biographical details of such nominated candidate as required under the GEM Listing Rules. Particulars of the candidate so proposed will be sent to all Shareholders for information by a supplementary circular.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy (the "**Board Diversity Policy**") and recognises the benefits of having diversity in the composition of the Board.

The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, the Nomination Committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one member with immediate effect as a measurable objective and may further increase in the next five years. During the FY2024 and as at the date of this annual report, the Board comprised one female Board member, in which case the Board considered gender diversity and the measurable objective has been achieved.

All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has developed measurable objectives to implement the board diversity policy and would monitor and review the progress in achieving these objectives annually. Expertise and skills of the Directors include freight forwarding and logistics, accounting and corporate finance, etc. The following table shows a breakdown of the diversity information of the Directors:

Categories	**3 Directors** Executive Director	**2 Directors** Non-executive Director	**3 Directors** Independent non-executive Director
Gender group	**7 Directors** Male	**1 Director** female	
Age group	**6 Directors** 50 and below	**2 Directors** Over 50	

Note: The information is as of 31 December 2024.

The Group strictly adheres to fair and appropriate employment practices and labour standards. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicant and employees with equal opportunities of employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age.

As at 31 December 2024, the Group had a total of 113 staff members (include members of the senior management but exclude Directors). The gender composition of the staff members (include members of the senior management but exclude Directors) was approximately 59.3% male staff members and 40.7% female staff members.

The Board considered that gender diversity of the workforce of the Group has been well maintained during FY2024. As such, the plan for the Group in terms of gender diversity in workforce is to maintain the balance of gender diversity in the foreseeable future.

ACCOUNTABILITY AND AUDIT

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

All the Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for FY2024, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

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

The responsibilities of the Group's auditor, Messrs. McMillan Woods (Hong Kong) CPA Limited, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" of this annual report.

Auditor's remuneration

The remuneration paid or payable to the Group's auditor, Messrs. McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), in respect of their audit and non-audit services for FY2024 was as follows:

	HK$'000
Audit services	700
Non-audit services	–

Internal control and risk management

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the Group's assets and investments and the Shareholders' interest and conducts a review on an annual basis. During the year under review, the Board had conducted a review of the effectiveness and adequacy of the risk management and internal control systems of the Company in respect of the Group's financial, operational, compliance controls and risk management functions through the effort of the Audit Committee. During the year under review, the Company has engaged an external independent consultant to conduct a review on the internal control system of the Group. The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Board had reached the conclusion that the Group's risk management and internal control systems were in place and effective and adequate.

Internal audit function

The Group has no separate internal audit function. However, as disclosed above, the Company has engaged an external independent consultant to review the internal control system of Group. After conducting annual review, the Board considered that the risk management and internal control systems of the Group for the Reporting Period are effective and adequate.

Company secretary

The Company Secretary of the Company is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the Company Secretary is responsible for facilitating communications among Directors as well as with senior management.

The Company Secretary of the Company is Mr. Chung Kiu Pan. Please refer to the paragraph headed "Company Secretary" in the section headed "Directors and Senior Management" of this annual report for his profile.

During the Reporting Period, Mr. Chung has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

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

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

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at "Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong", or to Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at "17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong" for the attention of the Board and/or the Company Secretary;

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

PROCEDURES FOR NOMINATION OF DIRECTOR

For any Shareholder who wishes to nominate a person to stand for election as a Director at any general meeting of the Company, the following documents must be validly served on the Company Secretary at the Company's head office and principal place of business in Hong Kong at "Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong", or sent to Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at "17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong", provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of the general meeting appointed for election of director and end no later than seven days prior to the date of such general meeting:

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

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

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

PROCEDURES FOR RAISING ENQUIRIES

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

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

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

INVESTORS RELATIONS

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

Dissemination of Corporate Communications

Pursuant to new Rule 16.04A of the GEM Listing Rules and the Articles, the Company has adopted the arrangements to disseminate the future Corporate Communications (as defined under the GEM Listing Rules) of the Company to the Shareholders electronically and only send corporate communications in printed form to the Shareholders upon request. In this connection, the following arrangements have become effective from 31 December 2024:

1. *Actionable Corporation Communications*

   The Company will send the Actionable Corporate Communications (as defined under the GEM Listing Rules) to Shareholders individually in electronic form by email. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will send the Actionable Corporate Communication in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

2. *Corporate Communications*

   The Company will make the Corporate Communications available on its website (www.jancofreight.com) and the Stock Exchange's website (www.hkexnews.hk).

   A notice of publication of the website version of Corporate Communications, in both English and Chinese, will be sent by the Company to Shareholders by email or by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the Corporate Communications.

For those Shareholders who wish to receive a printed version of all future Corporate Communications and Actionable Corporate Communications or, if for any reason, have difficulty in gaining access to the Company's website, the Company will, upon receipt of request in writing by the Shareholder sent to Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at "17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong" or by email to (8035-ecom@hk.tricorglobal.com), send future relevant Corporate Communications and/or Actionable Corporate Communications (as the case may be) to such Shareholders in printed form free of charge.

Shareholders are encouraged to provide their up-to-date contact details (including electronic contact details) to Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, in order to facilitate timely and effective communications.

Policy on Payment of Dividends

The Company has on 9 November 2018 adopted a policy on payment of dividends (the "**Dividend Policy**") to comply with the amended code provision F.1.1 of the CG Code which became effective from 1 January 2019, and to establish an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. However, there can be assurance that a dividend will be proposed or declared in any specific periods.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy, details of which is summarised below:

Shareholders' Meetings

- The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to attend general meetings in person or to appoint proxies to attend and vote for and on their behalf if they are unable to attend such meetings.

- Notices of the general meetings, related circulars and forms of proxy will be posted within a prescribed time prior to the general meetings on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.jancofreight.com) and/or by post to the Shareholders.

- The Directors, in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

- The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. Scrutineer will be appointed for the vote-taking at general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.jancofreight.com) subsequent to the close of the general meetings.

Company's Website

- The Company's website (www.jancofreight.com) provides the Shareholders with corporate information on the Group. It also provides information on corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.

- In addition to the "Investor Relations" section in which corporate communications of the Company are posted as soon as practicable following their release on the Stock Exchange's website (www.hkexnews.hk), press releases and newsletters issued by the Company from time to time are also available on the Company's website (www.jancofreight.com) to facilitate communication between the Company, Shareholders and investment community.

- Information on the Company's website is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to "Unit 1608, 16/F, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong", or by the following means:

Telephone number: (852) 2575 7883
Fax number: (852) 2575 8609
Email address: hkg@jancofreight.com

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comment by the Shareholders' and relevant stakeholders to the Company and would invite the Shareholders' and relevant stakeholders to communicate with the Company by employing the abovementioned means. The Board is of the view that the shareholders' communication policy implemented during FY2024 was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

No change has been made to the Company's memorandum of association and articles of association during FY2024. The memorandum of association and articles of association of the Company have been published at the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for FY2024.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands. The address of its registered office is "Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands". The address of its headquarters and principal place of business in Hong Kong is "Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong". The Shares were listed on GEM of the Stock Exchange on 7 October 2016 (the "**Listing Date**").

In the preparation for its listing on GEM (the "**Listing**"), the Company became the holding company of the companies now comprising the Group. Details of the reorganisation of the Group are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the Company's prospectus dated 30 September 2016 (the "**Prospectus**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during FY2024.

BUSINESS REVIEW AND OTHER DISCLOSURES

Detailed business review and other disclosures required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the section headed "Management Discussion and Analysis" ("**MD&A**") of this annual report from pages 5 to 11. Future development of the Company's business is set out in the MD&A.

KEY RISKS AND UNCERTAINTIES

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

An analysis of the Group's financial risk management (including market risk, credit risk, and liquidity risk) objectives and policies are provided in note 5 to the consolidated financial statements. Other risks faced by the Group are set out in the section headed "Risk Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

During FY2024, as far as the Board is aware, the Group had in all material aspects complied with all applicable environmental laws and regulations. More disclosures regarding our environmental policies and performance are set out in the ESG Report to be issued by the Company in accordance with the GEM Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

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

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During FY2024, the Group has maintained good relationships with its stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

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

The key financial performance indicators of the Group for FY2024 are set out below:

Strategy	KPIs
Maximise value for the Shareholders	Gross profit margin = 10.2% (2023: 10.2%)
	Return on equity = –29.9% (2023: –29.9%)
Improve the Group's liquidity	Net cash generated from operating activities = HK$44.9 million (2023: HK$44.9 million)
	Cash and cash equivalents = HK$11.7 million (2023: HK$11.7 million)

RESULTS

The results of the Group for FY2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50.

DIVIDEND

The Board resolved not to declare any final dividend for FY2024. No dividend was paid or proposed for shareholders of the Company for FY2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**2025 AGM**") of the Company is scheduled to be held on Friday, 20 June 2025. A notice convening the 2025 AGM will be issued and despatched to the Shareholders according to the Articles.

The register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both dates inclusive), the period during which no transfer of shares may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer forms accompanied by the relevant share certificate(s) should be lodged for registration with Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at "17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong" not later than 4:30 p.m. on Monday, 16 June 2025.

RESERVES

Details of movements in the reserves of the Group during FY2024 are set out in the consolidated statement of changes in equity on page 53 of this annual report.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 112.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed 13.8% (2023: 13.8%) of the total revenue for FY2024 while the Group's five largest customers accounted for 46.5% (2023: 46.5%) of the total revenue for FY2024.

Since the Group has a very wide base of suppliers, the aggregate purchase attributable to the Group's five largest suppliers were 38.8% (2023: 38.8%) of the Group's total direct costs for FY2024 with the largest supplier accounted for 11.5% (2023: 11.5%) of the total direct costs.

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

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Throughout FY2024 and up to the date of this annual report, based on the information that is available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the prescribed minimum amount of public float as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

Details of the Company's share capital are set out in note 32 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contribution of the Directors and other employees and other eligible parties who have made valuable contribution to the Group. The Scheme was adopted on 23 September 2016 (the "**Adoption Date**"). Details of the share options movement during the year ended 31 December 2024 under the Share Option Scheme are set in note 37 to the consolidated financial statements.

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

(a) Purpose

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

(b) The Participants of the Scheme

The Board may, at its discretion, offer to grant an option to any employee (whether full time or part time), including the Directors (including any non-executive Director and independent non-executive Director) of the Company, its subsidiaries or any Invested Entity (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below.

(c) Maximum number of Shares available for issuance

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

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

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

(d) Maximum number of options to any one individual

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

(e) Price of Shares

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

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

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

(iii) the nominal value of a Share.

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

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

(g) Acceptance and payment on acceptance

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

(h) Remaining life of the Scheme

As at 31 December 2024 and the date of this annual report:

— the maximum number of Shares that may be issued by the Company upon exercise of all outstanding Options already granted under the Scheme was 3,000,000 representing 0.5% of the total number of Shares in issue of the Company;

— the maximum number of Options that were available to be granted under the Scheme was 49,500,000 representing approximately 8.25% of the total number of Shares in issue of the Company;

— Pursuant to Rule 23.09(9) of the GEM Listing Rules, as at 31 December 2024, the remaining life of the Scheme is 1 year and 9 months; and

— There was no service provider sublimit set under the Scheme during FY2024.

The Company is aware that amendments were made to Chapter 23 of the GEM Listing Rules, which has 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.

DISTRIBUTABLE RESERVES OF THE COMPANY

Share premium and retained profit of the Company may be available for distribution to ordinary Shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to Shareholders at 31 December 2024 amounted to approximately HK$32.6 million.

DIRECTORS

During FY2024 and up to the date of this annual report, the Board's composition is as follows:

Executive Directors (EDs)

Mr. Chan Kwok Wai (appointed on 18 December 2024)
Mr. Lai Chung Wing
Mr. Lo Wai Wah (appointed on 1 March 2024)
Mr. Heung Ka Lok (resigned on 18 December 2024)

Non-Executive Directors (NEDs)

Mr. Tam Tsz Yeung Alan *(Chairman)*
Mr. Liang Yuxi
Ms. Cheung Man Yee Kara (resigned on 1 March 2024)

Independent Non-Executive Directors (INEDs)

Ms. Chik Wai Chun (appointed on 18 December 2024)
Mr. Moy Yee Wo Matthew
Mr. Yu Kwok Fai
Mr. Chan William (resigned on 18 December 2024)

Retirement and re-election of Directors

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

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

Mr. Chan Kwok Wai, Ms. Chik Wai Chun, Mr. Moy Yee Wo Mathew and Mr. Yu Kwok Fai will retire and, being eligible, offer themselves for re-election at the 2025 AGM.

DIRECTORS' SERVICE AGREEMENTS

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

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

There is no Director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within one year without payment of compensation (other than statutory compensation) as at 31 December 2024.

None of the Directors proposed for re-election at the 2025 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

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

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

As at 31 December 2024, 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

(i) Long Position in the shares of the Company

Name of Director	Nature of interest/ capacity	Number of Shares held	Approximate percentage of shareholding (Note)
Mr. Liang Yuxi	Beneficial owner	2,500,000	0.42%
Mr. Lo Wai Wah	Beneficial owner	2,150,000	0.36%

Note: The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 31 December 2024.

(ii) Long position in the underlying shares or 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 31 December 2024 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. Lo Wai Wah	24 June 2020	24/06/2021	24/06/2021–23/06/2030	750,000	0.2066	0.25%
		24/06/2022	24/06/2022–23/06/2030	750,000		

Note: The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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 31 December 2024, 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	Nature of interest/ capacity	Number of Shares held	Approximate percentage of shareholding (Note 5)
Million Venture Holdings Limited ("**Million Venture**")	Beneficial owner	170,300,000 (L)	28.38%
Ms. Tai Choi Wan, Noel	Interest in controlled corporation *(Note 1)*	170,300,000 (L)	28.38%
	Interest of spouse *(Note 2)*	2,570,000 (L)	0.43%
Mr. Cheng Hon Yat	Beneficial owner *(Note 3)*	2,570,000 (L)	0.43%
	Interest of spouse *(Note 4)*	170,300,000 (L)	28.38%
Mr. Chan Chun Shing, Otto	Beneficial owner	60,000,000 (L)	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. Ms. Tai is the spouse of Mr. Cheng Hon Yat and is deemed, or taken to be, interested in the Shares in which Mr. Cheng Hon Yat is interested under the SFO.
3. These Shares are held by Mr. Cheng Hon Yat.
4. Mr. Cheng Hon Yat is the spouse of Ms. Tai and is deemed, or taken to be, interested in the Shares in which Ms. Tai is interested under the SFO.
5. The percentage of shareholding is calculated on the basis of 600,000,000 Shares in issue as at 31 December 2024 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 31 December 2024, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save and except for the Scheme, at no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

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

COMPETING INTEREST

For FY2024, the Directors are not aware of any business or interest of the Directors, the controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

MANAGEMENT CONTRACTS

During FY2024, there is no contract entered into by the Company relating to the management and administration of the entire or any substantial part of the business of the Group.

EMOLUMENT POLICY

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

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

RELATED PARTY TRANSACTIONS, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Significant related party transactions entered into by the Group during FY2024 and FY2023 are set out in note 36 to the consolidated financial statements.

The Directors consider that these significant related party transactions disclosed in note 36 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 20 of the GEM Listing Rules requiring compliance with any of the reporting, announcement or independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 September 2016, with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor and to review and supervise the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Chik Wai Chun, Mr. Moy Yee Wo Matthew and Mr. Yu Kwok Fai, with Mr. Moy Yee Wo Matthew being the chairman. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2024 and is of the view that the preparation of such financial statements complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

PERMITTED INDEMNITY PROVISIONS

At no time during FY2024 and up to the date of this Directors' Report was there any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise), or an associated company (if made by the Company).

An associated company is defined in Section 2(1) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

CORPORATE GOVERNANCE

The Company had complied with all code provisions as set out in the CG Code throughout the Reporting Period.

Further information on the Company's corporate governance practices is set out in the section headed "Corporate Governance Report" of this annual report from pages 15 to 31.

ENVIRONMENTAL, SOCIETY AND CORPORATE RESPONSIBILITY

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

AUDITOR

On 23 December 2020, the Company has appointed McM (HK) CPA Limited ("**McM**") as the Auditor of the Company with effect from 23 December 2020 to fill the casual vacancy following the resignation of Messrs. ZHONGHUI ANDA CPA Limited.

On 17 January 2023, Messrs. McMillan Woods CPA Limited ("**McMillan Woods**") was appointed as the Auditor of the Company with effect from 17 January 2023 following the resignation of McM as Auditor of the Company with effect from 17 January 2023.

The consolidated financial statements of the Group for FY2024 were audited by McMillan Woods, who will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM. A resolution for their reappointment as Auditors of the Company will be proposed at the 2025 AGM. A resolution to re-appoint McMillan Woods and to authorise the Directors to fix its remuneration will be proposed at the 2025 AGM. Save as the above, there has been no other change of Auditor of the Company in the preceding three years.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this annual report.

On behalf of the Board
Tam Tsz Yeung Alan
Chairman

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

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

OPINION

We have audited the consolidated financial statements of Janco Holdings Limited (the "**Company**") and its subsidiaries (collectively referred as the "**Group**") set out on pages 50 to 111, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

The key audit matters we identified are (i) impairment of trade receivables and (ii) impairment assessment on property, plant and equipment and right-of-use assets.

KEY AUDIT MATTERS (Continued)

Impairment assessment on trade receivables

Refer to notes 3, 4, 5 and 20 to the consolidated financial statements of material accounting policy information, critical judgements and key estimates and relevant disclosures

The Group tested the amount of trade receivables for impairment. The balance of trade receivables, net of impairment, of approximately HK$46,311,000 as at 31 December 2024 is material to the consolidated financial statements. In addition, the measurement of forward-looking expected credit loss ("**ECL**") approach requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models. Due to the significant amount of trade receivables and the corresponding uncertainty inherent in such estimates, we consider this as a key audit matter.

Our procedures in relation to the management's assessment of ECL included, among others:

— Obtaining an understanding of and evaluating the Group's credit policies and internal control on ECL assessment;

— Recalculating the amounts of the ECL on trade receivables and assessing the appropriateness and adequacy of the ECL as at 31 December 2024;

— Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2024, on a sample basis, by comparing individual items in the analysis with the relevant invoices and other supporting documents;

— With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and assessing whether there was an indication of management bias;

— Re-performed the calculations in the expected credit loss model;

— Inspected settlements subsequent to financial year end; and

— Reviewing the appropriateness of the disclosure of the Group's credit risk exposure and ECL assessment in the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Impairment assessment of property, plant and equipment and right-of-use assets

Refer to notes 3, 4, 15 and 17 to the consolidated financial statements of material accounting policy information, critical judgements and key estimates and relevant disclosures

As at 31 December 2024, the management of the Group performed an impairment assessment for property, plant and equipment and right-of-use assets in accordance with Hong Kong Accounting Standards 36 "Impairment of Assets". As at 31 December 2024, the carrying amounts of the property, plant and equipment and right-of-use assets were approximately HK$5,107,000 and HK$43,169,000, respectively.

Based on the management's assessment, no impairment loss on property, plant and equipment and right-of-use assets were recognised in profit or loss during the year ended 31 December 2024.

The determination of the recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires exercise of significant judgement and high level of estimation uncertainty by the management. As such, we determined that is a key audit matter.

Our procedures in relation to the management's impairment assessment of property, plant and equipment and right-of-use assets included, among others:

— Understanding the key internal controls over preparation of the discounted cash flow forecasts on which the estimation of the recoverable amounts of the cash generating units are based;

— Understanding and evaluating management's process for identifying impairment indicators;

— Engaging our auditor's expert to assist us in evaluating management's impairment assessment, testing the reasonableness of the methodology, underlying inputs, and assumptions adopted therein, and assessing the results of their work as part of our audit; and

— Evaluating the adequacy of disclosures in respect of the impairment of property, plant and equipment and right-of-use assets in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Ho Wai Kuen
Audit Engagement Director
Practising Certificate Number: P05966

24/F., Siu On Centre,
188 Lockhart Road, Wanchai
Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Revenue	6	**250,771**	265,640
Cost of sales		**(228,024)**	(238,517)
Gross profit		**22,747**	27,123
Other income	7	**573**	2,908
Other gains and (losses), net	8	**10**	(619)
Administrative and selling expenses		**(35,813)**	(41,189)
Reversal of impairment loss/(impairment loss) on trade receivables		**1,075**	(1,473)
Impairment loss on amount due from a joint venture		**(1,641)**	–
Loss from operations		**(13,049)**	(13,250)
Finance costs	9	**(4,091)**	(5,013)
Share of loss of a joint venture		**(1,049)**	(480)
Loss before tax	10	**(18,189)**	(18,743)
Income tax (expense)/credit	11	**(185)**	230
Loss for the year		**(18,374)**	(18,513)
Other comprehensive loss, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4)**	(5)
Total comprehensive loss for the year		**(18,378)**	(18,518)
Loss for the year attributable to:			
Owners of the Company		**(18,402)**	(18,173)
Non-controlling interests		**28**	(340)
		(18,374)	(18,513)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(18,406)**	(18,178)
Non-controlling interests		**28**	(340)
		(18,378)	(18,518)
Loss per share	14		
Basic (HK cents)		**(3.07)**	(3.03)
Diluted (HK cents)		**(3.07)**	(3.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	15	**5,107**	7,580
Computer software	16	**228**	191
Right-of-use assets	17	**43,169**	20,989
Interest in a joint venture	18	**–**	1,049
Deferred tax assets	19	**616**	616
Rental and other deposits	20	**7,474**	5,990
		56,594	36,415
Current assets			
Inventories	21	**–**	857
Trade receivables	20	**46,311**	54,778
Other receivables, deposits and prepayments	20	**8,228**	8,392
Amount due from a joint venture	20	**24**	1,665
Income tax recoverable		**–**	106
Pledged bank deposits	22	**17,643**	16,000
Bank and cash balances	22	**13,245**	11,699
		85,451	93,497
Current liabilities			
Trade payables	23	**27,289**	24,923
Other payables and accruals	23	**14,190**	16,687
Bank borrowings	24	**11,323**	3,000
Loan from a substantial shareholder	25	**1,500**	–
Lease liabilities	26	**23,205**	13,773
Income tax payable		**1,334**	2,566
		78,841	60,949
Net current assets		**6,610**	32,548
Total assets less current liabilities		**63,204**	68,963

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	26	**20,295**	7,676
Deferred tax liabilities	19	**40**	40
		20,335	7,716
NET ASSETS		**42,869**	61,247
Capital and reserves			
Share capital	27	**6,000**	6,000
Reserves		**36,475**	54,881
Equity attributable to owners of the Company		**41,859**	60,881
Non-controlling interests		**394**	366
TOTAL EQUITY		**42,869**	61,247

The consolidated financial statements on pages 50 to 111 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Tam Tsz Yeung Alan
Director

Chan Kwok Wai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000 (Note (i))	Capital reserve HK$'000 (Note (ii))	Other reserve HK$'000 (Note (iii))	Translation reserve HK$'000 (Note (iv))	Share option reserve HK$'000 (Note (v))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	6,000	47,755	17,659	4,658	(434)	362	3,059	79,059	2,777	81,836
Loss for the year	–	–	–	–	–	–	(18,173)	(18,173)	(340)	(18,513)
Other comprehensive loss for the year	–	–	–	–	(5)	–	–	(5)	–	(5)
Total comprehensive loss for the year	–	–	–	–	(5)	–	(18,173)	(18,178)	(340)	(18,518)
Dividend declared to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(1,886)	(1,886)
Disposal of subsidiaries (note 28)	–	–	–	–	–	–	–	–	(195)	(195)
Capital contributed by a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	10	10
At 31 December 2023 and 1 January 2024	6,000	47,755	17,659	4,658	(439)	362	(15,114)	60,881	366	61,247
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(18,402)**	**(18,402)**	**28**	**(18,374)**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(4)**	**–**	**(18,402)**	**(18,406)**	**28**	**(18,378)**
At 31 December 2024	**6,000**	**47,755**	**17,659**	**4,658**	**(443)**	**362**	**(33,516)**	**42,475**	**394**	**42,869**

Notes:

(i) Under the Companies Law of the Cayman Islands, share premium of the Company are available for distribution to ordinary shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

(ii) Capital reserve is comprised of (i) the profits derived from the provision of air and ocean freight forwarding services in Hong Kong prior to 1 July 2015 carried out by JFX Limited, a company previously wholly owned by the former controlling shareholder of the Group and a former director of the Company, 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.

(iii) Other reserve represented an amount due to Mr. Cheng, being the 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.

(iv) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3 to the consolidated financial statements.

(v) Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors/employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before tax		**(18,189)**	(18,743)
Adjustments for:			
Amortisation of computer software		**72**	80
Depreciation of property, plant and equipment		**2,961**	3,832
Depreciation of right-of-use assets		**29,258**	31,627
Share of loss of a joint venture		**1,049**	480
Finance costs		**4,091**	5,013
Gain on early termination of leased properties		**(234)**	(18)
Loss/(gain) on disposal of property, plant and equipment		**122**	(34)
Gain on disposal of right-of-use assets		**–**	(839)
Loss on surrender of life insurance policies		**–**	883
(Reversal of impairment loss)/impairment loss on trade receivables		**(1,075)**	1,473
Impairment loss on amount due from a joint venture		**1,641**	–
Write-off of inventories		**535**	–
Bad debt recovery		**(179)**	–
Interest income		**(445)**	(2,434)
Operating profit before working capital changes		**19,607**	21,320
Decrease/(increase) in inventories		**322**	(857)
Decrease in trade receivables		**9,721**	69,685
(Increase)/decrease in other receivables, deposit and prepayments		**(1,320)**	1,495
Increase/(decrease) in trade payables		**2,366**	(30,341)
Decrease in other payables and accruals		**(2,497)**	(13,651)
Decrease in contract liabilities		**–**	(1,206)
Cash generated from operations		**28,199**	46,445
Income tax (paid)/refunded		**(1,311)**	7
Interest on lease liabilities paid		**(3,554)**	(1,514)
Net cash generated from operating activities		**23,334**	44,938
Cash flows from investing activities			
Bank interest income received		**445**	347
Purchase of property, plant and equipment and computer software		**(729)**	(3,584)
Purchase of right-of-use assets		**(233)**	(67)
Proceeds from capital contributed by a non-controlling shareholder of a subsidiary		**–**	10
Proceeds from disposal of property, plant and equipment		**10**	117
Proceeds from disposal of right-of-use assets		**–**	2,682
Proceeds from surrender of life insurance policies		**–**	121,209
Net cash outflow arising from disposal of subsidiaries	28	**–**	(71)
Withdrawal of pledged bank deposits		**–**	17,446
Placement of pledged bank deposits		**(1,643)**	(16,000)
Net cash (used in)/generated from investing activities		**(2,150)**	122,089

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from financing activities			
New bank borrowings raised		**19,523**	3,000
Repayment of bank borrowings		**(11,200)**	(112,000)
Repayment of other borrowings		**–**	(7,070)
Interest paid		**(537)**	(3,820)
Principal element of lease payment paid		**(28,920)**	(33,160)
Loan from/(repayment of loan from) a substantial shareholder		**1,500**	(10,000)
Repayment of amount due to non-controlling interest		**–**	(656)
Net cash used in financing activities		**(19,634)**	(163,706)
Net increase in cash and cash equivalents		**1,550**	3,321
Effect of foreign exchange rate changes		**(4)**	(5)
Cash and cash equivalents at beginning of year		**11,699**	8,383
Cash and cash equivalents at end of year		**13,245**	11,699
Analysis of cash and cash equivalents			
Bank and cash balances	22	**13,245**	11,699

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 1608, 16th Floor, Tower A, Manulife Financial Centre, No. 223 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policy information adopted by the Group are disclosed in note 3.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards and Interpretations that are first effective or available for early adoption for the current accounting period of the Group. The paragraphs below provide information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(a) New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards and Interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRS Accounting Standards and Interpretation in the current year had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2024. The amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-Dependent Electricity	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the new amendments to HKFRS Accounting Standards mentioned below:

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling interests and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which joint control ceases.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the joint venture, after applying the ECL model to such other long-term interests where applicable.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in a joint venture is stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) *Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Computer software

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

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

Computer software is amortised over its estimated useful life of 5 years using the straight-line method.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group companies, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, if any.

The principal annual rates are as follows:

Land and buildings	33%–50%
Motor vehicles	20%–33%

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Recognition and derecognition of financial instruments (Continued)

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("**SPPI**"). Interest income from the investment is calculated using the effective interest method.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses ("**ECL**").

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standard. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Trade and other payables

Trade and other payables are initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on 5% of the employees' relevant income, subject to a ceiling of monthly relevant income of HK$30,000 and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The Group issues equity-settled share-based payments to certain directors and employees

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables, other receivables and deposits, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Joint control assessment

The Group holds 70% of the issued share capital of Janco E-commerce Solutions (USA) Inc ("**JEC USA**"). Despite the Group holding a majority of equity, pursuant to the agreement between the Group and other two shareholders of JEC USA, unanimous approval from the Group and the other two shareholders of JEC USA is required for decisions regarding the relevant activities of JEC USA. The directors of the Company have determined that the Group and the two other shareholders have joint control over JEC USA accordingly.

(b) Consolidation of entity with 50% equity interest holding

Jandoor Supply Chain Management Limited ("**JSCML**") is a subsidiary of the Group although the Group has only 50% ownership interest and voting rights in JSCML. The Group has the 50% ownership since 28 July 2016 and the remaining 50% of shareholdings are owned by a shareholder that is unrelated to the Group.

The directors of the Company assessed whether the Group has control over JSCML based on whether the Group has the practical ability to direct the relevant activities of JSCML unilaterally. In making the judgement, the directors of the Company considered the Group has the right to appoint or approve the majority of the board seats of JSCML, indicating that the Group has control and power over that entity.

(c) Significant increase in credit risk

As explained in note 3, ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty

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

(a) *Impairment loss on trade receivables, other receivables and deposits and amount due from a joint venture*

The loss allowances for trade receivables, other receivables and amount due from a joint venture are based on assumptions about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

As at 31 December 2024, the carrying amounts of trade receivables, other receivables and deposits and amount due from a joint venture were approximately HK$46,311,000 (net of allowance for ECL of HK$9,142,000) (2023: HK$54,778,000 (net of allowance for ECL of HK$10,217,000)), HK$14,711,000 (net of allowance for ECL of HK$Nil) (2023: HK$12,737,000 (net of allowance for ECL of HK$Nil)) and HK$24,000 (net of allowance for ECL of HK$1,641,000) (2023: HK$1,665,000 (net of allowance for ECL of HK$Nil)), respectively.

(b) *Impairment of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 December 2024 were approximately HK$5,107,000 (2023: HK$7,580,000) and HK$43,169,000 (2023: HK$20,989,000) respectively. No impairment loss was recognised for the years ended 31 December 2024 and 2023. Details refer to notes 15 and 17 to the consolidated financial statements respectively.

(c) *Deferred tax asset*

As at 31 December 2024, the Group had unused tax losses of HK$73,182,000 (2023: HK$45,441,000). A deferred tax assets in respect of tax losses of approximately HK$5,727,000 (2023: HK$5,727,000) has been recognized. The Group did not recognise the remaining tax losses amounting to HK$67,455,000 (2023: HK$39,714,000) that could be carried forward against future taxable income as the realisation of the related tax benefits through future taxable profit is not probable. Estimating the amount of deferred tax asset arising from tax losses requires a process that involves determining appropriate provisions for income tax expense, forecasting future year's taxable income and assessing our ability to utilise tax benefits through future earnings. In cases where the actual future profits generated are different from original estimates than expected, such differences will impact the recognition of deferred tax assets and income tax charges in the year in which such circumstances are changed.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

Transactions entered into by the Group with certain trade customers and suppliers are mainly denominated in United States Dollar ("**US$**") and Renminbi ("**RMB**") and these foreign currencies expose the Group to market risk arising from changes in foreign exchange rates. Management monitors closely foreign currency exposure and will consider hedging any significant exposures should the need arise.

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

	Assets		**Liabilities**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**21,004**	33,173	**(6,991)**	(2,658)
RMB	**4,315**	6,747	**(1,362)**	(317)

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

The following table details the Group's sensitivity to a 5% increase in the exchange rate of RMB against HK$. The percentage is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss after tax (and the accumulated losses) for the years ended 31 December 2024 and 2023 where RMB strengthen 5% against HK$. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the loss after tax (and the accumulated losses).

	Decrease in loss after tax (and the accumulated losses)	Decrease in loss after tax (and the accumulated losses)
	2024	2023
	HK$'000	HK$'000
RMB impact	**148**	322

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from bank balances and pledged bank deposits are limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of debts at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing to its freight forwarding customers, and 30 days from the date of billing to its logistics and warehousing customers and e-commerce customers. Normally, the Group does not obtain collateral from customers.

At the end of reporting period, the Group has certain concentration of credit risk as 20% and 45% (2023: 17% and 51%) of the total trade receivables was due from the Group's largest customer and the total of five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. It considers available reasonable and supportive forwarding-looking information. The further details of the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023 are given in note 20 to the consolidated financial statements.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, the likelihood of recovery, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The management believes that there are no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for other receivables and deposits to be insignificant, and thus no loss allowance was recognised.

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Amount due from a joint venture

For amount due from a joint venture, the management makes periodic assessment on the recoverability of amount due from a joint venture based on historical settlement records, the likelihood of recovery, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The amount due from a joint venture was credit impaired as the management of the Company considered that there was evidence indicating the amount due cannot be recovered. Further details of the Group's ECL for the amount due from a joint venture as at 31 December 2024 and 2023 are set out in note 20 to the consolidated financial statements.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	On demand or Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 to 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 December 2024					
Trade payables	**27,289**	**–**	**–**	**27,289**	**27,289**
Other payables and accruals	**14,190**	**–**	**–**	**14,190**	**14,190**
Bank borrowings	**11,323**	**–**	**–**	**11,323**	**11,323**
Loan from a substantial shareholder	**1,500**	**–**	**–**	**1,500**	**1,500**
Lease liabilities	**25,409**	**20,865**	**178**	**46,452**	**43,500**
	79,711	**20,865**	**178**	**100,754**	**97,802**
At 31 December 2023					
Trade payables	24,923	–	–	24,923	24,923
Other payables and accruals	16,687	–	–	16,687	16,687
Bank borrowings	3,000	–	–	3,000	3,000
Lease liabilities	14,502	7,364	507	22,373	21,449
	59,112	7,364	507	66,983	66,059

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's lease liabilities, pledged bank deposit and loan from a substantial shareholder bore interests at fixed interest rates and were therefore subject to fair value interest rate risks.

The Group's was also exposed to cash flow interest-rate risk arising from its bank balances and bank borrowings. Bank balances and borrowings bore interests at variable rates varied with the then prevailing market condition.

The management considers that the Group's exposure to cash flow interest rate risk on bank balance and bank borrowings as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

(e) Categories of financial instruments

	2024 **HK$'000**	2023 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**91,934**	96,879
Financial liabilities:		
Financial liabilities at amortised cost	**54,302**	44,610

(f) Fair values

As at 31 December 2024 and 2023, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

6. REVENUE AND SEGMENT INFORMATION

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

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

(i) Freight forwarding — provision of air freight and 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.

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Disaggregation of revenue from contracts with customers

	Freight forwarding		Logistics and			
	Air Freight	Ocean Freight	warehousing	E-Commerce	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2024						
Segment revenue						
External sales	**89,559**	**30,520**	**92,711**	**37,981**	**–**	**250,771**
Inter-segment sales	**1,035**	**160**	**28,419**	**3**	**(29,617)**	**–**
	90,594	**30,680**	**121,130**	**37,984**	**(29,617)**	**250,771**
Segment results	**8,526**	**3,382**	**11,134**	**(295)**	**–**	**22,747**
Other income						**573**
Other gains and losses, net						**10**
Administrative and selling expenses						**(35,813)**
Reversal of impairment loss on trade receivables						**1,075**
Impairment loss on amount due from a joint venture						**(1,641)**
Share of loss of a joint venture						**(1,049)**
Finance costs						**(4,091)**
Loss before tax						**(18,189)**
For the year ended 31 December 2023						
Segment revenue						
External sales	77,559	23,150	81,542	83,389	–	265,640
Inter-segment sales	1,025	127	53,875	89	(55,116)	–
	78,584	23,277	135,417	83,478	(55,116)	265,640
Segment results	3,767	1,806	10,474	11,076	–	27,123
Other income						2,908
Other gains and losses, net						(619)
Administrative and selling expenses						(41,189)
Impairment loss on trade receivables						(1,473)
Share of loss of a joint venture						(480)
Finance costs						(5,013)
Loss before tax						(18,743)

Segment results mainly represented loss before tax incurred by each segment without allocation of other income, net other gains and losses, administrative and selling expenses, reversal of impairment loss/impairment loss on trade receivables, impairment loss on amount due from a joint venture, share of loss of a joint venture and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Timing of revenue recognition

	Freight forwarding Air Freight HK$'000	Ocean Freight HK$'000	Logistics and warehousing HK$'000	E-Commerce HK$'000	Total HK$'000
For the year ended 31 December 2024					
Revenue from contract with customers within the scope of HKFRS 15 recognised:					
At a point in time	**–**	**–**	**–**	**14**	**14**
Over time	**89,559**	**30,520**	**92,711**	**37,967**	**250,757**
	89,559	**30,520**	**92,711**	**37,981**	**250,771**
For the year ended 31 December 2023					
Revenue from contract with customers within the scope of HKFRS 15 recognised:					
At a point in time	–	–	–	34	34
Over time	77,559	23,150	81,542	83,355	265,606
	77,559	23,150	81,542	83,389	265,640

Geographical information

The Group's operations assets and liabilities are substantially located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

Information about major customers

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

	2024 HK$'000	2023 HK$'000
Customer A — revenue generated from air freight and ocean freight forwarding segment	**40,408**	36,723
Customer B — revenue generated from e-commerce segment	**N/A***	34,639
Customer C — revenue generated from e-commerce segment	**N/A***	32,534

* Revenue from the customer did not exceed 10% of total revenue in the respective year.

Air freight services, ocean freight services, logistics and warehousing service and e-commerce fulfillment service income

The Group provides air freight, ocean freight, logistics and warehousing and e-commerce fulfillment services to the customers.

Revenue from these services is recognised as a performance obligation satisfied over time as the Group is entitled to receive its income according to the relevant operating performance from the customers and the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

6. REVENUE AND SEGMENT INFORMATION (Continued)

E-commerce — trading of goods through an online platform

The Group sells trading goods to the customers. Revenue from sale of trading goods are recognised at a point in time when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

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

7. OTHER INCOME

	2024 **HK$'000**	2023 HK$'000
Interest income arising from:		
– Bank balances and deposits	**445**	731
– Deposits placed in life insurance policies	**–**	1,703
Sundry income	**128**	474
	573	2,908

8. OTHER GAINS AND (LOSSES), NET

	2024 **HK$'000**	2023 HK$'000
Net exchange difference	**(281)**	(627)
Gain on disposal of right-of-use assets	**–**	839
(Loss)/gain on disposal of property, plant and equipment	**(122)**	34
Gain on early termination of leased properties	**234**	18
Bad debt recovery	**179**	–
Loss on surrender of life insurance policies	**–**	(883)
	10	(619)

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expenses on:		
— Bank borrowings	**519**	2,449
— Other borrowings	**–**	129
— Loan from a substantial shareholder	**18**	921
— Lease liabilities (note 17)	**3,554**	1,514
	4,091	5,013

10. LOSS BEFORE TAX

The Group's loss before tax has been arrived at after charging/(crediting) the following:

	2024 HK$'000	2023 HK$'000
Auditor's remuneration		
— Audit services	**700**	845
— Non-audit services	**–**	50
Amortisation of computer software	**72**	80
Depreciation of property, plant and equipment	**2,961**	3,832
Depreciation of right-of-use assets	**29,258**	31,627
Cost of inventories sold	**13**	29
Expenses relating to short-term lease (included in cost of sales and administrative and selling expenses)	**640**	3,243
(Reversal of impairment loss)/impairment loss on trade receivables	**(1,075)**	1,473
Impairment loss on amount due from a joint venture	**1,641**	–
Write-off of inventories (included in cost of inventories sold)	**535**	–
Directors' remuneration (note 12)	**3,890**	4,355
Other staff costs		
Salaries, bonus and allowances	**33,458**	42,706
Retirement benefits scheme contributions	**1,209**	1,846
Total staff costs	**38,557**	48,907
Less: amounts included in costs of sales	**(27,472)**	(38,206)
Staff costs included in administrative and selling expense	**11,085**	10,701

11. INCOME TAX EXPENSE/(CREDIT)

	2024 HK$'000	2023 HK$'000
Hong Kong Profits Tax		
— Current tax	**295**	40
— (Over)/under-provision in prior years	**(110)**	233
	185	273
Deferred tax (note 19)	**–**	(503)
	185	(230)

Under the two-tiered Hong Kong Profits Tax regime, the first HK$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Hong Kong Profits Tax regime will continue to be taxed at a rate of 16.5%.

Under the law of People's Republic of China ("**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the applicable tax rate of the group entities established in the PRC is 25%. No provision for taxation for group entities established in the PRC has been made in the consolidated financial statements as the Group did not generate any assessable income in the PRC for both years.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Loss before tax	**(18,189)**	(18,743)
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	**(3,001)**	(3,093)
Tax effect of income not taxable for tax purpose	**(302)**	(1,268)
Tax effect of expense not deductible for tax purpose	**445**	587
Utilisation of tax losses not previously recognised	**–**	(607)
Tax effect of tax losses not recognised	**2,836**	3,399
Tax effect of share of loss of an joint venture	**173**	79
(Over)/under-provision in prior years	**(110)**	233
Tax effect of temporary difference not recognised	**311**	446
Tax concession	**(167)**	(6)
Income tax expense/(credit)	**185**	(230)

12. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

Details of the emoluments paid or payable to the directors and the chief executive were as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 December 2024					
Executive directors					
Mr. Cheng Tak Yuen (note i)	–	200	100	3	303
Mr. Heung Ka Lok (note ii)	–	1,040	–	17	1,057
Mr. Lai Chung Wing (note iii)	–	841	–	18	859
Mr. Lo Wai Wah (note iv)	–	630	–	15	645
Mr. Chan Kwok Wai (note v)	–	45	–	1	46
	–	2,756	100	54	2,910
Non-executive directors					
Mr. Tam Tsz Yeung Alan (note vi)	300	–	–	–	300
Mr. Liang Yuxi (note vi)	160	–	–	–	160
Ms. Cheung Man Yee Kara (note vii)	40	–	–	–	40
	500	–	–	–	500
Independent non-executive directors					
Mr. Chan William (note viii)	155	–	–	–	155
Mr. Moy Yee Wo Matthew	160	–	–	–	160
Mr. Yu Kwok Fai	160	–	–	–	160
Ms. Chik Wai Chun (note ix)	5	–	–	–	5
	480	–	–	–	480
	980	2,756	100	54	3,890

12. DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit contributions HK$'000	Total HK$'000
For the year ended 31 December 2023					
Executive directors					
Mr. Cheng Tak Yuen (note i)	–	1,222	50	18	1,290
Mr. Heung Ka Lok (note ii)	–	1,080	–	18	1,098
Mr. Lai Chung Wing (note iii)	–	393	–	9	402
	–	2,695	50	45	2,790
Non-executive directors					
Mr. Tam Tsz Yeung Alan (note vi)	140	–	–	–	140
Mr. Liang Yuxi (note vi)	120	–	–	–	120
Ms. Cheung Man Yee Kara (note vii)	80	–	–	–	80
Mr. Chan Kin Chung (note x)	185	–	–	–	185
	525	–	–	–	525
Independent non-executive directors					
Mr. Chan William (note viii)	280	–	–	–	280
Mr. Moy Yee Wo Matthew	280	–	–	–	280
Mr. Yu Kwok Fai	280	–	–	–	280
Mr. Law Wing Tak Jack (note xi)	200	–	–	–	200
	1,040	–	–	–	1,040
	1,565	2,695	50	45	4,355

Notes:

(i) Mr. Cheng Tak Yuen resigned as an executive director of the Company on 1 March 2024.

(ii) Mr. Heung Ka Lok resigned as an executive director of the Company on 30 November 2024.

(iii) Mr. Lai Chung Wing was appointed as an executive director of the Company on 13 July 2023.

(iv) Mr. Lo Wai Wah was appointed as an executive director of the Company on 1 March 2024.

(v) Mr. Chan Kwok Wai was appointed as an executive director of the Company on 18 December 2024.

(vi) Mr. Tam Tsz Yeung Alan and Mr. Liang Yuxi were appointed as non-executive directors of the Company on 13 July 2023.

(vii) Ms. Cheung Man Yee Kara was appointed as a non-executive director of the Company on 1 September 2023 and resigned on 1 March 2024.

12. DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Notes: (Continued)

(viii) Mr. Chan William resigned as an independent non-executive director of the Company on 18 December 2024.

(ix) Ms. Chik Wai Chun was appointed as an independent non-executive director of the Company on 18 December 2024.

(x) Mr. Chan Kin Chung was appointed and resigned as a non-executive director of the Company on 10 June 2022 and 13 July 2023 respectively.

(xi) Mr. Law Wing Tak Jack was appointed and resigned as an independent non-executive director of the Company on 28 October 2022 and 1 September 2023 respectively.

The remuneration of directors including the discretionary bonus is determined having regard to their performance and the market trend by the remuneration committee of the Company.

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

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

Save for disclosed above and in note 31 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. DIRECTORS' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid employees of the Group during the year include four (2023: two) executive directors of the Company. Details of the remuneration for the current year of the remaining one (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **HK$'000**	2023 HK$'000
Basic salaries and allowances	**648**	1,871
Discretionary bonus	**–**	291
Retirement benefits contributions	**18**	54
	666	2,216

	Number of employees	
	2024	2023
Nil to HK$1,000,000	**1**	3

The remuneration of five highest paid individuals including the discretionary bonus is determined having regard to their performance and the market trend.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

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

14. LOSS PER SHARE

(a) Basic

The calculation of the basic loss per share is based on the following:

Loss	2024 HK$'000	2023 HK$'000
Loss attribute to owners of the Company for the purpose of calculating basic loss per share	**(18,402)**	(18,173)
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**600,000**	600,000

(b) Diluted

The diluted loss per share is the same as the basic loss per share as the Company's outstanding share options for the years ended 31 December 2024 and 2023 did not give rise to any dilution effect to the basic loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2023	3,530	18,463	9,638	6,139	37,770
Additions	382	722	1,594	982	3,680
Disposals	–	–	(21)	(1,554)	(1,575)
Disposal of subsidiaries (note 28)	–	(14)	(371)	(1,814)	(2,199)
At 31 December 2023 and 1 January 2024	3,912	19,171	10,840	3,753	37,676
Additions	**222**	**164**	**–**	**234**	**620**
Disposals	**–**	**(227)**	**–**	**–**	**(227)**
Write-off	**(1,147)**	**(5,755)**	**(2,722)**	**(3,263)**	**(12,887)**
At 31 December 2024	**2,987**	**13,353**	**8,118**	**724**	**25,182**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2023	2,959	12,539	7,756	5,373	28,627
Charge for the year	562	2,194	952	124	3,832
Write back on disposals	–	–	(11)	(1,481)	(1,492)
Disposal of subsidiaries (note 28)	–	(2)	(148)	(721)	(871)
At 31 December 2023 and 1 January 2024	3,521	14,731	8,549	3,295	30,096
Charge for the year	**248**	**1,828**	**765**	**120**	**2,961**
Write back on disposals	**–**	**(95)**	**–**	**–**	**(95)**
Write-off	**(1,147)**	**(5,755)**	**(2,722)**	**(3,263)**	**(12,887)**
At 31 December 2024	**2,622**	**10,709**	**6,592**	**152**	**20,075**
CARRYING AMOUNT					
At 31 December 2024	**365**	**2,644**	**1,526**	**572**	**5,107**
At 31 December 2023	391	4,440	2,291	458	7,580

16. COMPUTER SOFTWARE

	Total HK$'000
COST	
At 1 January 2023	1,309
Additions	4
At 31 December 2023 and 1 January 2024	1,313
Additions	**109**
Write-off	**(571)**
At 31 December 2024	**851**
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 January 2023	1,042
Charge for the year	80
At 31 December 2023 and 1 January 2024	1,122
Charge for the year	**72**
Write-off	**(571)**
At 31 December 2024	**623**
CARRYING AMOUNT	
At 31 December 2024	**228**
At 31 December 2023	191

17. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2023	40,704	5,866	46,570
Additions	8,846	1,859	10,705
Depreciation charge	(30,493)	(1,134)	(31,627)
Termination of lease	(699)	–	(699)
Disposals	–	(1,843)	(1,843)
Disposal of subsidiaries (note 28)	–	(2,117)	(2,117)
At 31 December 2023 and 1 January 2024	18,358	2,631	20,989
Additions	**52,701**	**1,696**	**54,397**
Depreciation charge	**(28,342)**	**(916)**	**(29,258)**
Termination of lease	**(2,959)**	**–**	**(2,959)**
At 31 December 2024	**39,758**	**3,411**	**43,169**

The Group leases various properties and motor vehicles for its operations. Lease agreements are typically made for fixed periods of two to five years (2023: one to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

	2024 **HK$'000**	2023 HK$'000
Expenses relating to short-term lease (included in cost of sales and administrative and selling expenses)	**640**	3,243
Depreciation expenses on right-of-use assets	**29,258**	31,627
Interest expenses on lease liabilities (note 9)	**3,554**	1,514
Gain on disposal of right-of-use assets	**–**	839
Gain on early termination of leased properties	**234**	18

18. INTEREST IN A JOINT VENTURE

	2024 HK$'000	2023 HK$'000
Unlisted overseas investments		
Share of net assets	–	1,049

Particulars of the Group's joint venture at the end of reporting period are as follows:

Company	Place of registration and business	Registered and paid up share capital	Percentage of ownership interest attributable to the Group 2024	2023	Principal activity
JEC USA	United Stated of America	US$100,000 ordinary shares	**70%**	70%	Inactive

On 1 January 2020, Janco Global Logistics Limited, a wholly-owned subsidiary of the Company, entered into an agreement with two individual third parties. Pursuant to the agreement, Janco Global Logistics Limited was required to contribute US$70,000 (equivalent to approximately HK$543,000) for 7,000 shares in JEC USA. On 1 January 2020, JEC USA was established. The Group holds 70% of the issued share capital of JEC USA. However, unanimously approved is required for the decisions about the relevant activities of JEC USA from the Group and the other two shareholders of JEC USA. Therefore, JEC USA is regarded as a joint venture of the Group. During the year ended 31 December 2024, the share of loss in JEC USA of approximately HK$1,049,000 (2023: approximately HK$480,000) was recognised in the profit or loss. The Group has not recognised loss for the year amounting to HK$2,082,000 (2023: HK$nil). The accumulated losses not recognised were HK$2,082,000 (2023: HK$nil) as at 31 December 2024.

The following table shows the Group's share of the amounts of the joint venture that are accounted for using the equity method:

	2024 HK$'000	2023 HK$'000
As at 31 December		
Non-current assets	**212**	425
Current assets	**1,100**	5,763
Current liabilities	**(5,033)**	(5,436)
Net (liabilities)/assets	**(3,721)**	752
Year ended 31 December:		
Loss before tax	**(4,473)**	(685)
Loss for the year	**(4,473)**	(685)
Total comprehensive loss for the year	**(4,473)**	(685)

As at the end of each reporting period, the unlisted investments in joint ventures represented the 70% equity interest in JEC USA.

The joint venture had no contingent liabilities or capital commitment as at 31 December 2024 and 2023.

19. DEFERRED TAX ASSETS/(LIABILITIES)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	(Decelerated)/ accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2023	(462)	–	(462)
(Charged)/credited to profit or loss (note 11)	(113)	616	503
Disposal of subsidiaries (note 33)	535	–	535
At 31 December 2023, 1 January 2024 and 31 December 2024	(40)	616	576

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**616**	616
Deferred tax liabilities	**(40)**	(40)
	576	576

At 31 December 2024, the Group had unused tax losses of approximately HK$73,182,000 (2023: HK$45,441,000), available to offset against future profits. As at 31 December 2024, deferred tax asset has been recognised in respect of approximately HK$5,727,000 (2023: HK$5,727,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$67,455,000 (2023: HK$39,714,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group had deductible temporary differences arising from decelerated tax depreciation of HK$723,000 (2023: taxable difference of HK$592,138 arising from accelerated depreciation) and expected credit losses of HK$10,783,000 (2023: HK$10,217,000). No deferred tax assets have been recognised in relation to these deductible temporary differences as it is not probable that sufficient taxable profit will be available to utilize the deductible temporary differences.

20. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**55,453**	64,995
Less: Impairment loss on trade receivables	**(9,142)**	(10,217)
	46,311	54,778
Amount due from a joint venture*	**1,665**	1,665
Less: Impairment loss on amount due from a joint venture	**(1,641)**	–
	24	1,665
Rental deposits	**8,838**	7,615
Prepayments	**991**	1,645
Other deposits	**5,873**	5,122
	15,726	16,047
Trade and other receivables	**62,037**	70,825
Analysed as:		
Current assets:		
Trade receivables	**46,311**	54,778
Amount due from a joint venture*	**24**	1,665
Other receivables, deposits and prepayments	**8,228**	8,392
	54,563	64,835
Non-current assets:		
Rental and other deposits	**7,474**	5,990
	62,037	70,825

* *Amount due from a joint venture is unsecured, interest-free and repayable on demand.*

The Group allows a credit period ranging from 15 to 90 days (2023: 15 to 90 days) to its air and ocean freight forwarding customers, and a credit period of 30 days (2023: 30 days) to its logistics and warehousing customers and e-commerce customers for its trade receivables.

20. TRADE AND OTHER RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables (net of allowance) presented based on invoice dates at the end of each reporting period:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**17,585**	21,670
31 to 60 days	**9,850**	15,782
61 to 90 days	**2,937**	1,463
91 to 365 days	**3,241**	4,005
Over 365 days	**12,698**	11,858
	46,311	54,778

The decrease (2023: decrease) in the loss allowance was mainly due to decrease in days past due over 90 days resulting in decrease in loss allowance of approximately HK$829,000 (2023: the write-off of trade receivables with a gross carrying amount of approximately HK$9,026,000 resulting in a decrease in loss allowance of approximately HK$9,026,000).

Reconciliation of loss allowance for trade receivables:

	2024 HK$'000	2023 HK$'000
At 1 January	**10,217**	17,770
(Decrease)/increase in loss allowance	**(1,075)**	1,473
Write off of loss allowance	**–**	(9,026)
At 31 December	**9,142**	10,217

	Current	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**91 to 365 days past due**	**Over 365 days past due**	**Total**
At 31 December 2024							
Weighted average expected loss rate	**1%**	**2%**	**3%**	**6%**	**12%**	**40%**	
Gross carrying amount (HK$'000)	**17,746**	**10,036**	**2,866**	**1,071**	**2,973**	**20,761**	**55,453**
Expected credit loss (HK$'000)	**(128)**	**(162)**	**(96)**	**(62)**	**(370)**	**(8,324)**	**(9,142)**
At 31 December 2023							
Weighted average expected loss rate	1%	3%	6%	8%	13%	43%	
Gross carrying amount (HK$'000)	32,616	7,019	628	414	3,470	20,848	64,995
Expected credit loss (HK$'000)	(387)	(234)	(40)	(33)	(458)	(9,065)	(10,217)

20. TRADE AND OTHER RECEIVABLES (Continued)

Reconciliation of loss allowance for amount due from a joint venture:

	2024 HK$'000	2023 HK$'000
At 1 January	**–**	–
Increase in loss allowance	**1,641**	–
At 31 December	**1,641**	–

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

	2024 HK$'000	2023 HK$'000
RMB	**3,925**	5,898
US$	**17,646**	28,263
	21,571	34,161

21. INVENTORIES

	2024 HK$	2023 HK$
Consumables	**–**	310
Trading goods	**–**	547
	–	857

As at 31 December 2023, inventories represented (i) consumables to be used in provision of logistics and warehousing services and e-commerce fulfillment services; and (ii) trading goods to be sold through the e-commerce online trading platform. The Group's inventories were stated at lower of cost and net realisable value at the end of reporting period.

22. PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

As at 31 December 2024 and 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 settlement of the relevant bank borrowings. The pledged bank deposits carry fixed interest at rates of 3.50% (2023: 4.10%) per annum.

Bank balances carry interest at prevailing market interest rates at 0.25% (2023: 0.375% to 0.875%) per annum. The aggregate carrying amounts of the Group's pledged bank deposits and bank and cash balances, which are denominated in currencies other than functional currency of the relevant group entities, are set out below:

	2024 **HK$'000**	2023 HK$'000
RMB	**390**	849
US$	**3,358**	4,910
	3,748	5,759

23. TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables	**27,289**	24,923
Other payables	**1,595**	4,895
Accruals	**12,595**	11,792
	14,190	16,687
Trade and other payables	**41,479**	41,610

The credit period on trade payables is 15 to 30 days for the years ended 31 December 2024 and 2023.

23. TRADE AND OTHER PAYABLES (Continued)

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

	2024 HK$'000	2023 HK$'000
0 to 30 days	**11,071**	13,044
31 to 60 days	**6,627**	6,102
61 to 90 days	**3,514**	1,719
Over 90 days	**6,077**	4,058
	27,289	24,923

As at 31 December 2024 and 2023, certain banks have given performance guarantees covering the Group for payment to their major suppliers.

The carrying amounts of the Group's trade and other payables, which are denominated in currencies other than functional currencies of the relevant group entities, are set out below:

	2024 HK$'000	2023 HK$'000
RMB	**1,362**	317
US$	**6,759**	2,658
	8,121	2,975

24. BANK BORROWINGS

	As at 31 December	
	2024 HK$'000	2023 HK$'000
Secured variable-rate bank borrowings	**11,323**	3,000

24. BANK BORROWINGS (Continued)

The carrying amounts of bank borrowings that contain a repayment on demand clause but repayable:

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Within one year or on demand	**11,323**	3,000

The Group's bank borrowings are denominated in HK$. The effective interest rate of bank borrowings is ranged from 5.9% to 6.62% (2023: 7.83%) per annum.

As at 31 December 2024 and 2023, the bank borrowings are secured by:

(i) pledged bank deposits of approximately HK$17,643,000 (2023: HK$16,000,000); and

(ii) corporate guarantee by the Company and its certain subsidiaries.

The carrying amounts of the Group's bank borrowing, which are denominated in currency other than functional currencies of the relevant group entities, are set out below:

	2024	2023
	HK$'000	HK$'000
US$	**232**	–

25. LOAN FROM A SUBSTANTIAL SHAREHOLDER

On 7 October 2024, the Company entered into a loan agreement 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 an aggregated principal amount of HK$1,500,000.

As at 31 December 2024, the loan from a substantial shareholder was secured by corporate guarantee given by certain Hong Kong subsidiaries of the Company, carries interest at 5% per annum and is repayable on 6 October 2025.

26. LEASE LIABILITIES

	Minimum lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**25,409**	14,502	**23,205**	13,773
Within a period of more than one year but not more than two years	**20,865**	7,364	**20,126**	7,182
Within a period of more than two years but not more than five years	**178**	507	**169**	494
	46,452	22,373	**43,500**	21,449
Less: future finance charges	**(2,952)**	(924)	**N/A**	N/A
Present value of lease obligations	**43,500**	21,449	**43,500**	21,449
Less: Amounts due for settlement within twelve months shown under current liabilities			**(23,205)**	(13,773)
Amounts due for settlement after twelve months shown under non-current liabilities			**20,295**	7,676
Analysed by:				
Properties			**41,307**	19,449
Motor vehicles			**2,193**	2,000
			43,500	21,449

At 31 December 2024, the incremental borrowing rates was ranged from 2.5% to 7.25% (2023: ranged from 3.80% to 7.25%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

All lease liabilities are denominated in HK$.

27. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.01 (2023: HK$0.01) each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,500,000	15,000
Issued and fully paid:		
Ordinary shares of HK$0.01 (2023: HK$0.01) each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	600,000	6,000

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

The capital structure of the Group consists of net debt, which includes loan from a substantial shareholder (note 25), bank borrowings (note 24), and lease liabilities (note 26), details of which are disclosed in the corresponding notes. Net debt is offset by cash and cash equivalents, and equity attributable to owners of the Company, which includes issued share capital and reserves.

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

	2024 HK$'000	2023 HK$'000
Total debt	**56,323**	24,449
Less: cash and cash equivalents	**(13,245)**	(11,699)
Net debt	**43,078**	12,750
Total equity	**42,869**	61,247
Debt-to-adjusted capital ratio	**100%**	21%

The only externally imposed capital requirements for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares.

The Company has maintained a sufficient public float to comply with the GEM Listing Rules throughout the years ended 31 December 2024 and 2023.

28. DISPOSAL OF SUBSIDIARIES

On 30 September 2019, the Group acquired 100% of the issued share capital of Super Link Global Limited ("**Super Link**") through Applied Equity Limited ("**Applied Equity**", collectively referred as the "**Applied Equity Group**"), a 51% owned subsidiary of the Company.

On 1 July 2023, the Group disposed its entire interest of 51% in Applied Equity Group to the independent third party of the Group with a cash consideration of approximately HK$202,000. Applied Equity is an investment holding company, and Super Link, which is the sole subsidiary of Applied Equity, is principally engaged in provision of local transportation services. The disposals was completed on 1 July 2023. The net assets of the Applied Equity Group at the date of disposal were as follows:

Analysis of consolidated net assets of Applied Equity Group at the date of disposal were as follows:

	Note	HK$'000
Property, plant and equipment	15	1,328
Right-of-use assets	17	2,117
Goodwill		61
Trade and other receivables		1,934
Bank and cash balances		273
Other payables		(2,674)
Income tax payable		(446)
Lease liabilities	34(a)	(1,661)
Deferred tax liabilities	19	(535)
Net assets disposed of		397

Gain or loss on disposal of subsidiaries:

	HK$'000
Cash consideration	202
Net assets disposed of	(397)
Non-controlling interests	195
Gain or loss on disposal	–

Net cash outflows arising from disposal of subsidiaries:

	HK$'000
Consideration received	202
Cash and cash equivalents disposed of	(273)
	(71)

29. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investment in a subsidiary — cost	**1**	1
Investment in a subsidiary — deemed contribution (note)	**42,394**	42,394
	42,395	42,395
Current assets		
Amount due from a subsidiary	**1,500**	–
Current liabilities		
Other payables and accruals	**–**	50
Amounts due to a subsidiary	**4,175**	4,125
Loan from a substantial shareholder	**1,500**	–
	5,675	4,175
NET CURRENT LIABILITIES	**(4,175)**	(4,175)
NET ASSETS	**38,220**	38,220
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**32,220**	32,220
TOTAL EQUITY	**38,220**	38,220

Note:

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

Approved by the Board of Directors on 28 March 2025 and are signed on its behalf by

Tam Tsz Yeung Alan	**Chan Kwok Wai**
Director	*Director*

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

(b) Reserve movement of the Company

	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**47,755**	**1**	**4,658**	**(20,194)**	**32,220**

30. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Details of the Company's major subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation and operation/date of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group as at 2024	2023	Principal activities
Indirectly held by the Company:					
Janco Global Logistics Limited	Hong Kong/ 23 June 2015	HK$500,000 ordinary shares	**100%**	100%	Provision of air and ocean freight forwarding services
Janco Logistics (HK) Limited	Hong Kong/ 21 March 2005	HK$1,000,000 ordinary shares	**100%**	100%	Provision of logistics and warehousing services
Janco HealthCare Limited	Hong Kong/ 6 June 2019	HK$1,000,000 ordinary shares	**100%**	100%	Provision of logistics and warehousing services
Janco Express Limited	Hong Kong/ 25 February 2016	HK$10,000 ordinary shares	**100%**	100%	Provision of logistics and warehousing services
Janco E-Commerce Solutions Limited	Hong Kong/ 1 February 2017	HK$10,000 ordinary shares	**100%**	100%	Provision for e-commerce fulfillment services
JSCML	Hong Kong/ 28 July 2016	HK$8,000,000 ordinary shares	**50%**	50%	Provision for e-commerce fulfillment services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

31. RELATED-PARTY TRANSACTIONS

(a) Summary of significant related party transactions

	Note	2024 HK$'000	2023 HK$'000
Dividend declared to a non-controlling shareholder of a subsidiary		–	1,886
Service fee income in respect of provision of freight forwarding services to a joint venture	(i)	–	60
Interest expense on loan from a substantial shareholder	(ii)	**18**	921

Notes:

(i) Freight forwarding services were provided by Janco Global Logistics Limited, indirectly wholly-owned subsidiaries of the Company, to JEC USA, a joint venture of the Group, at prices mutually agreed by both parties.

(ii) Interest expenses charged by Million Venture Holdings Limited, a substantial shareholder of the Company, on a loan from the substantial shareholder (note 25).

(b) Compensation of key management personnel

	2024 HK$'000	2023 HK$'000
Fees	**980**	1,565
Salaries and other allowances	**2,756**	2,695
Discretionary bonus	**100**	50
Retirement benefit scheme contributions	**54**	45
	3,890	4,355

The remuneration of key management personnel consisted of the directors of the Company as disclosed in note 12, is determined with regard to the performance of the individuals and market trends.

32. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY

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

The total number of shares of the Company in respect of which options may be granted under the Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the total number of the share capital of the Company in issue as at the listing date of the Company.

The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the GEM Listing Rules.

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the directors of the Company (which shall be less than ten years from the date of issue of the relevant option). Options granted must be taken up within 21 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 24 June 2020, a total of 10,500,000 share options (the "**Options**") were granted under the Scheme at a exercise price of HK$0.2066 per share to two former directors and three employees. For further details, please refer to the Company's announcement dated 24 June 2020.

As at 31 December 2024, a total of 3,000,000 (2023: 3,000,000) share options granted under the Scheme remained outstanding.

32. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY (Continued)

Movement of the Options, during the years ended 31 December 2024 and 2023 are listed below in accordance with Rule 23.07 of the GEM Listing Rules:

	Category	Date of grant	Vesting Date	Number of Options: Outstanding as at 01/01/2024	Granted	Exercised	Lapsed	Reclassified	Outstanding as at 31/12/2024	Exercise Price	Exercise Period
1.	Director										
	Cheng Tak Yuen	24/6/2020	24/6/2021 (50%)	**750,000**	**–**	**–**	**–**	**(750,000)**	**–**	0.2066	24/06/2021 – 23/06/2030
	(note 12(a)(i))	24/6/2020	24/6/2022 (50%)	**750,000**	**–**	**–**	**–**	**(750,000)**	**–**	0.2066	24/06/2022 – 23/06/2030
2	Employees	24/6/2020	24/6/2021 (50%)	**750,000**	**–**	**–**	**–**	**750,000**	**1,500,000**	0.2066	24/06/2021 – 23/06/2030
		24/6/2020	24/6/2022 (50%)	**750,000**	**–**	**–**	**–**	**750,000**	**1,500,000**	0.2066	24/06/2022 – 23/06/2030
	Total			**3,000,000**	**–**	**–**	**–**	**–**	**3,000,000**		

	Category	Date of grant	Vesting Date	Number of Options: Outstanding as at 01/01/2023	Granted	Exercised	Lapsed	Outstanding as at 31/12/2023	Exercise Price	Exercise Period
1.	Director									
	Cheng Tak Yuen	24/6/2020	24/6/2021 (50%)	750,000	–	–	–	750,000	0.2066	24/06/2021 – 23/06/2030
	(note 12(i))	24/6/2020	24/6/2022 (50%)	750,000	–	–	–	750,000	0.2066	24/06/2022 – 23/06/2030
2	Employees	24/6/2020	24/6/2021 (50%)	750,000	–	–	–	750,000	0.2066	24/06/2021 – 23/06/2030
		24/6/2020	24/6/2022 (50%)	750,000	–	–	–	750,000	0.2066	24/06/2022 – 23/06/2030
	Total			3,000,000	–	–	–	3,000,000		

The options outstanding at 31 December 2024 had weighted average exercise prices of HK$0.2066 (2023: HK$0.2066) and a weighted average remaining contractual life of 5.48 years (2023: 6.48 years).

32. EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY (Continued)

No expenses was recognised by Group in relation to share options granted by the Company for the years ended 31 December 2024 and 2023.

No share options were granted and exercised during the years ended 31 December 2024 and 2023.

At the end of the reporting period, the Company had 3,000,000 (2023: 3,000,000) share options outstanding under the Scheme, representing 0.5% of the total number of shares in issue of the Company. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 3,000,000 (2023: 3,000,000) additional ordinary shares of the Company as at 31 December 2024.

The maximum number of options that were available to be granted under the Scheme was 49,500,000 representing approximately 8.25% of the total number of Shares in issue of the Company.

33. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly contribution of HK$1,500 (2023: HK$1,500). Contributions to the plan vest immediately.

Save for the above, the Group has no other obligation. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the Group to reduce the existing level of contributions.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Loan from a substantial shareholder HK$'000	Interest payables (including in other payables) HK$'000	Lease liabilities HK$'000	Other borrowings HK$'000	Bank borrowings HK$'000	Amount due to non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	10,000	325	46,591	7,070	112,000	656	176,642
Changes in cash flows from financing activities	(10,000)	(3,820)	(33,160)	(7,070)	(109,000)	(656)	(163,706)
Change in cash flow from operating activities	–	–	(1,514)	–	–	–	(1,514)
Non-cash changes							
— new finance leases	–	–	10,396	–	–	–	10,396
— early termination of leased properties	–	–	(717)	–	–	–	(717)
— finance costs recognised	–	3,499	1,514	–	–	–	5,013
— disposal of subsidiaries (note 28)	–	–	(1,661)	–	–	–	(1,661)
At 31 December 2023 and 1 January 2024	–	4	21,449	–	3,000	–	24,453
Changes in cash flows from financing activities	**1,500**	**(537)**	**(28,920)**	**–**	**8,323**	**–**	**(19,634)**
Change in cash flow from operating activities	**–**	**(4)**	**(3,554)**	**–**	**–**	**–**	**(3,558)**
Non-cash changes							
— new finance leases	**–**	**–**	**54,164**	**–**	**–**	**–**	**54,164**
— early termination of leased properties	**–**	**–**	**(3,193)**	**–**	**–**	**–**	**(3,193)**
— finance costs recognised	**–**	**537**	**3,554**	**–**	**–**	**–**	**4,091**
At 31 December 2024	**1,500**	**–**	**43,500**	**–**	**11,323**	**–**	**56,323**

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**4,194**	4,757
Within financing cash flows	**28,920**	33,160
	33,114	37,917

These amounts relate to the following:

	2024 HK$'000	2023 HK$'000
Lease rental paid	**33,114**	37,917

(c) Major non-cash transactions

During the year ended 31 December 2024, the Group recognised right-of-use assets of approximately HK$54,397,000 (2023: HK$10,705,000) and lease liabilities of approximately HK$54,164,000 (2023: HK$10,396,000) on the lease commencement.

FINANCIAL SUMMARY

	For the year ended 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	487,641	568,962	512,672	265,640	**250,771**
(Loss)/profit before tax	13,409	20,243	7,126	(18,743)	**(18,189)**
Income tax credit/(expense)	(1,389)	(2,130)	(1,783)	230	**(185)**
(Loss)/profit for the year	12,020	18,113	5,343	(18,513)	**(18,374)**
(Loss)/profit for the year attributable to:					
Owners of the Company	11,170	17,338	4,452	(18,173)	**(18,402)**
Non-controlling interests	850	775	891	(340)	**28**
	12,020	18,113	5,343	(18,513)	**(18,374)**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	300,656	351,090	350,835	129,912	**142,045**
Total liabilities	(243,026)	(274,934)	(268,999)	(68,665)	**(99,176)**
	57,630	76,156	81,836	61,247	**42,869**
Equity attributable to:					
Owners of the Company	56,519	74,270	79,059	60,881	**42,475**
Non-controlling interests	1,111	1,886	2,777	366	**394**
	57,630	76,156	81,836	61,247	**42,869**