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## Hong Kong Johnson Holdings Co., Ltd.

香港莊臣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1955)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The Board of Hong Kong Johnson Holdings Co., Ltd. is pleased to announce the audited consolidated annual results of the Group for year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021.

#### FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change
	2022	2021	
	HK\$'000	HK\$'000	
Revenue	2,979,031	2,767,475	7.6%
Gross profit	286,292	283,843	0.9%
Gross profit margin (%)	9.6%	10.3%	
Profit for the year attributable to equity holders of the Company	129,636	188,535	(31.2%)
Adjusted profit for the year attributable to equity holders of the Company <sup>(1)&amp;(2)</sup>	129,636	137,064	(5.4%)
Basic and diluted earnings per share (HK cents)	25.9	37.7	(31.2%)
Proposed final dividend per share (HK cents)	5.0	7.5	(33.3%)

Notes:

- (1) Adjusted profit is derived by excluding the receipt of wage subsidies from the government's Employment Support Scheme under the anti-epidemic fund scheme for the year ended 31 March 2021.
- (2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a "non-GAAP" financial measure. It is not a measurement of the Group's financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.

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

*For the year ended 31 March 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>2,979,031</b>	2,767,475
Cost of services		<u>(2,692,739)</u>	<u>(2,483,632)</u>
<b>Gross profit</b>		<b>286,292</b>	283,843
Government subsidies from Employment Support Scheme of Hong Kong Special Administrative Region		—	51,471
Other income	4	<b>2,187</b>	7,772
Other gains	5	<b>2,756</b>	1,094
Allowance for account receivables		<b>(537)</b>	(1,830)
Administrative expenses		<u>(127,538)</u>	<u>(116,759)</u>
<b>Profit from operations</b>		<b>163,160</b>	225,591
Finance costs		<u>(6,908)</u>	<u>(9,682)</u>
<b>Profit before tax</b>		<b>156,252</b>	215,909
Income tax expense	6	<u>(26,616)</u>	<u>(27,374)</u>
<b>Profit for the year</b>	7	<u><b>129,636</b></u>	<u>188,535</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>		<u><b>129,636</b></u>	<u>188,535</u>
<b>Earnings per share</b>			
Basic and diluted (HK cents per share)	9	<u><b>25.9</b></u>	<u>37.7</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>112,183</b>	123,704
Right-of-use assets		<b>39,016</b>	51,004
Financial assets at fair value through profit or loss ("FVTPL")		<b>12,133</b>	11,931
Deferred tax assets		<b>837</b>	522
<b>Total non-current assets</b>		<b>164,169</b>	187,161
<b>Current assets</b>			
Account receivables	<i>10</i>	<b>413,261</b>	360,155
Prepayments, deposits and other receivables		<b>27,166</b>	5,018
Inventories		<b>318</b>	—
Pledged bank deposits		<b>24,806</b>	24,443
Bank and cash balances		<b>422,041</b>	383,738
<b>Total current assets</b>		<b>887,592</b>	773,354
<b>Current liabilities</b>			
Account payables	<i>11</i>	<b>40,328</b>	22,857
Accruals, other payables and provisions		<b>337,744</b>	319,098
Loan from a controlling shareholder		<b>2,000</b>	—
Bank and other borrowings		<b>20,930</b>	41,119
Lease liabilities		<b>7,455</b>	10,041
Current tax liabilities		<b>4,965</b>	22,154
<b>Total current liabilities</b>		<b>413,422</b>	415,269
<b>Net current assets</b>		<b>474,170</b>	358,085
<b>Total assets less current liabilities</b>		<b>638,339</b>	545,246

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Provisions		<b>3,378</b>	4,106
Bank and other borrowings		<b>30,905</b>	19,316
Lease liabilities		<b>10,572</b>	18,820
Deferred tax liabilities		<b>12,575</b>	14,231
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>57,430</b>	56,473
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>580,909</b>	488,773
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital		<b>5,000</b>	5,000
Reserves		<b>575,909</b>	483,773
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>580,909</b>	488,773
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## NOTES:

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprises Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations. These consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides 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.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of the amendments to standards did not have any material impact on the Group’s results and financial position for the current or prior year.

**(b) New and revised HKFRSs in issue but not yet effective**

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is 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.

### 3. REVENUE

#### (a) Disaggregation of revenue

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Cleaning, janitorial and other related services income	<u>2,979,031</u>	<u>2,767,475</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u><u>2,979,031</u></u>	<u><u>2,767,475</u></u>

#### (b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and the expected timing of recognising revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	1,716,236	2,268,597
More than one year but not more than two years	588,525	1,093,872
More than two years	<u>155,580</u>	<u>195,088</u>
	<u><u>2,460,341</u></u>	<u><u>3,557,557</u></u>

#### 4. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	42	132
Dividend income from financial assets at FVTPL	96	93
Government subsidies ( <i>note</i> )	2,049	7,467
Sundry income	—	80
	<u>2,187</u>	<u>7,772</u>

*Note:* The amounts represent government grants for eligible goods vehicles under One-off Subsidy, the ex-gratia payments for the retirement of certain motor vehicles and other subsidies received from the Government of the Hong Kong Special Administrative Region.

#### 5. OTHER GAINS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on disposals/written off of property, plant and equipment, net	2,554	375
Fair value gains on financial assets at FVTPL	202	719
	<u>2,756</u>	<u>1,094</u>

## 6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	28,587	23,612
Under-provision in prior years	—	145
	<u>28,587</u>	<u>23,757</u>
Deferred tax	(1,971)	3,617
	<u>26,616</u>	<u>27,374</u>

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 31 March 2022 and 2021.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before tax	<u>156,252</u>	<u>215,909</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2021:16.5%)	25,782	35,625
Tax effect of income that is not taxable	(31)	(8,969)
Tax effect of expenses that are not deductible	766	849
Tax concession	(10)	(10)
Under-provision in prior years	—	145
Others	109	(266)
	<u>26,616</u>	<u>27,374</u>
Income tax expense	<u>26,616</u>	<u>27,374</u>

## 7. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(credit) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	1,170	1,130
Cost of services ( <i>note a</i> )	2,692,739	2,483,632
Depreciation of property, plant and equipment	35,170	25,473
Depreciation of right-of-use assets	11,170	8,933
Gain on disposals/written off of property, plant and equipment, net	(2,554)	(375)
Allowance for account receivables	537	1,830
	<u>2,433,857</u>	<u>2,252,313</u>
Staff costs including labour cost, employee expenses and directors' emoluments		
Salaries, bonuses and allowances	2,300,358	2,144,126
Provision for employee benefits ( <i>note b</i> )	68,258	50,107
Provision for employee compensation claim and related legal fees	2,825	—
Retirement benefit scheme contributions	59,497	56,251
Other benefits	2,919	1,829
	<u>2,433,857</u>	<u>2,252,313</u>

*Notes:*

- (a) For the year ended 31 March 2022, the cost of services, amongst others, includes labour costs and depreciation totalling HK\$2,389,278,000 (2021: HK\$2,200,941,000).
- (b) Provision for employee benefits includes unutilised annual leave, estimated long service payments, gratuity and redundancy cost.

## 8. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Payment of final dividend in respect of the year ended 31 March 2021 of HK7.5 cents per share	37,500	—

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2022 of HK5.0 cents per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share	<u>129,636</u>	<u>188,535</u>
	2022 '000	2021 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>500,000</u>	<u>500,000</u>

The weighted average numbers of ordinary shares used as denominator for calculating the basic and diluted earnings per share are the same for the years ended 31 March 2022 and 2021.

## 10. ACCOUNT RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Account receivables	415,384	363,954
Allowance for account receivables	<u>(2,123)</u>	<u>(3,799)</u>
	<u>413,261</u>	<u>360,155</u>

The credit terms of account receivables generally range from 14 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of account receivables, based on the invoice date, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 90 days	<b>393,359</b>	336,448
91 to 180 days	<b>20,129</b>	13,560
181 days to 1 year	<b>1,456</b>	9,205
Over 1 year	<b>440</b>	4,741
	<b>415,384</b>	363,954

As at 31 March 2022, HK\$9,754,000 (2021: HK\$36,868,000) of account receivables were pledged to banks to secure factoring loans.

The carrying amounts of the Group's account receivables are denominated in HK\$.

#### **Transfer of financial assets**

The followings were the Group's account receivables as at 31 March 2022 and 2021 that were transferred to banks by factoring account receivables on recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the account receivables and has recognised the cash received on the transfer as secured factoring loans. These financial assets were carried at amortised cost in the consolidated statement of financial position.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of transferred assets	<b>9,754</b>	36,868
Carrying amount of associated liabilities	<b>(8,779)</b>	(33,518)
Net position	<b>975</b>	3,350

## 11. ACCOUNT PAYABLES

The ageing analysis of account payables, based on the date of receipt of goods or services, is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Up to 30 days	<b>22,657</b>	15,457
31 to 60 days	<b>16,448</b>	5,478
61 to 90 days	<b>1,185</b>	1,776
Over 90 days	<b>38</b>	146
	<b><u>40,328</u></b>	<u>22,857</u>

The carrying amounts of the Group's account payables are denominated in HK\$.

## MANAGEMENT DISCUSSION AND ANALYSIS RESULT

### Results

The Group is a leading environmental hygiene service provider with coverage spanning across Hong Kong, Kowloon and the New Territories, providing cleaning services including building and campus cleaning, park and recreation center cleaning, street cleaning, disinfection services, pest management services, garbage logistics services and environmental improvement services.

The Group recorded a revenue of approximately HK\$2,979.0 million for the year ended 31 March 2022, representing an increase of 7.6% compared with that of last year. The Group's overall gross profit margin decreased from approximately 10.3% to 9.6%, which was mainly due to intense market competition.

Profit for the year decreased by approximately HK\$58.9 million or 31.2% from approximately HK\$188.5 million for the year ended 31 March 2021 to approximately HK\$129.6 million for the year ended 31 March 2022. Such decrease was mainly due to the absence of receipt of wage subsidies of HK\$51.5 million for the year ended 31 March 2021 from the Government's Employment Support Scheme under the anti-epidemic fund scheme for the year ended 31 March 2022.

### Business Review and Prospects

During the year under review, COVID-19 pandemic continued to recur and the fifth wave of the pandemic broke out in Hong Kong in early 2022. In order to respond to Omicron, a highly contagious coronavirus variant, the Hong Kong Government strived to improve vaccination rate and implemented a series of anti-epidemic measures. The continuous improvement of the overall hygiene awareness of citizen and enterprises of Hong Kong, as well as the demands for additional cleaning and disinfection services and medical waste collection services for anti-epidemic facilities under the pandemic, drove the corresponding growth of the Group's cleaning business once again.

Meanwhile, the operation of human resources market and goods supply chain was significantly impacted by the pandemic. As the frontline member of anti-epidemic work, by leveraging on the extensive experience of its management team to deploy operating resources and frontline employees, the Group has maintained the stable operation during the pandemic. Furthermore, to address the threat of infectious diseases and ensure the safety of its frontline employees, the Group has provided frontline employees with adequate personal protective equipment, anti-epidemic supplies, disinfection tools and supplies for routine cleaning and disinfection. With the concerted efforts of all of our employees to commit themselves to their works positions, we provided customers and general public with high-quality environmental hygiene services in an uninterrupted manner.

For our garbage logistics business, thanks to the dedicated efforts of our specialised operation team and our ability in allocation of sufficient resources, service revenue has experienced rapid growth during the year under review and we are progressively achieving scale of business. The Group secured garbage logistics contracts for the cargo terminal of the Hong Kong airport, a large iconic shopping mall in Hong Kong, and railway malls during the year, achieving stellar progress and providing strong encouragement to our Group's business. Meanwhile, given that the implementation of the bill on MSW charging is likely to bring significant changes to the operation model of the industry as well as increase administrative expenses and the demand for working capital, competitors in the industry, especially small and medium contractors will therefore face greater working capital pressure, which is expected to bring industry consolidation opportunities for the Group.

For our distribution agency business, the Group continued to enrich our agency product catalogue as part of our efforts in providing customers with environmental hygiene products and equipment featuring innovative technology, such as fully automated smart cleaning robots and antiviral coating services, that fully accommodates the needs of our customers. To strengthen the Group's competitiveness in winning the tenders, we actively introduce products with innovative technology as a value-added service to help the Group secure more service contracts and develop a high-end commercial customer base. Meanwhile, the Group is devoting efforts to the research and development of an electronic platform, which will be integrated with our proprietary fleet management system to collect and analyse MSW big data, in order to facilitate the future implementation of MSW charging. It is expected that we will explore in depth and carry out smart city environmental hygiene business with the help of this electronic platform in the future.

Looking ahead, the environmental hygiene service market will continue to grow in size in the foreseeable future thanks to the sustained growth in the number of properties and continuous expansion of the public transportation system in Hong Kong. The Group is committed to maintaining steady overall business and continues to expand and innovate. We will continue to maintain cleaning as the core of business, develop new business to enrich the Group's business structure at the same time and bring in more talents to enhance internal management capacity. Moreover, we target to advance the Group's general business development, further establish our local market presence and expand our business to Greater Bay Area through strategic merger and acquisition, aiming to develop the Group into an integrated enterprise of smart urban cleaning services in Mainland China and Hong Kong.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the years ended 31 March 2022 and 2021 were approximately HK\$2,979.0 million and HK\$2,767.5 million respectively, representing an increase of approximately HK\$211.5 million or 7.6%. The increase was mainly due to the increase in revenue generated from our government customers.

### **Cost of services**

The cost of services primarily comprised of labour costs, cleaning materials costs and motor vehicles expenses. For the years ended 31 March 2022 and 2021, the cost of services amounted to approximately HK\$2,692.7 million and HK\$2,483.6 million respectively, representing approximately 90.4% and 89.7% of the Group's revenue for the corresponding years respectively. The percentage of cost of services to the Group's revenue increased by approximately 0.7% mainly due to the intense competition in the market, coupled with an increase in labour costs.

### **Gross profit and gross profit margin**

The Group's gross profit for the year ended 31 March 2022 was approximately HK\$286.3 million, representing an increase of approximately HK\$2.5 million or 0.9% from approximately HK\$283.8 million for the corresponding year in 2021. The increase was mainly due to the increase in revenue.

The gross profit margins of the Group for the years ended 31 March 2022 and 2021 were approximately 9.6% and 10.3% respectively. As mentioned above, the decrease in gross profit margin was mainly due to the intense market competition coupled with an increase in labour costs. Therefore, the increment in revenue was lower than that in cost of services which resulted in the decrease of gross profit margin.

### **Government subsidies from Employment Support Scheme of Hong Kong Special Administrative Region**

During the year ended 31 March 2021, the Group received wage subsidies of HK\$51.5 million (2022: Nil) from the Government's Employment Support Scheme under the anti-epidemic fund scheme.

## **Administrative expenses**

The administrative expenses of the Group for the years ended 31 March 2022 and 2021 were approximately HK\$127.5 million and HK\$116.8 million respectively, representing an increase of HK\$10.7 million or 9.2%. The increase was mainly due to the increase of employee expenses. The Group will continue to implement its budget cost control measures for administrative expenses during the year.

## **Finance costs**

The finance costs represented primarily the interest expenses on bank borrowings with floating interest rates. The finance costs amounted to approximately HK\$6.9 million and HK\$9.7 million for the years ended 31 March 2022 and 2021 respectively, representing approximately 0.2% and 0.3% of the Group's total revenue respectively. The decrease was mainly due to the decrease of average interest rate, repayment of partial borrowings together with enhanced treasury management efficiency.

## **Profit for the year attributable to equity holders of the Company**

The Group's profit for the year attributable to equity holders of the Company for the years ended 31 March 2022 and 2021 were approximately HK\$129.6 million and HK\$188.5 million respectively, representing a decrease of HK\$58.9 million or 31.2%. The decrease was mainly due to the absence of wage subsidies as described below for the year ended 31 March 2022.

## **Adjusted profit for the year attributable to equity holders of the Company**

Excluding the receipt of wage subsidies of HK\$51.5 million from the Government's Employment Support Scheme under the anti-epidemic fund scheme for the year ended 31 March 2021, the adjusted profit attributable to equity holders of the Company for the years ended 31 March 2022 and 31 March 2021 amounted to approximately HK\$129.6 million and HK\$137.1 million respectively, representing a decrease of HK\$7.5 million or 5.4%. The decrease was mainly due to factors described above.

## **Liquidity and financial resources**

The Group has funded the liquidity and capital requirements primarily through cash inflows from operating activities. As at 31 March 2022, the capital structure of the Group consisted of equity of approximately HK\$580.9 million (31 March 2021: HK\$488.8 million), bank and other borrowings of approximately HK\$51.8 million (31 March 2021: HK\$60.4 million), lease liabilities of approximately HK\$18.0 million (31 March 2021: HK\$28.9 million) and loan from a controlling shareholder of approximately HK\$2.0 million (31 March 2021: Nil).

## **Account receivables**

As at 31 March 2022, the Group had total account receivables of approximately HK\$413.3 million (31 March 2021: HK\$360.2 million). The increase was mainly due to the increase in revenue. The Group does not expect material difficulty in collecting payment from customers and continues to improve credit and collections management.

## **Cash position and fund available**

During the year ended 31 March 2022, the Group maintained a healthy liquidity position, with working capital being financed by operating cash flows. As at 31 March 2022, the Group's cash and cash equivalents were approximately HK\$422.0 million (31 March 2021: HK\$383.7 million). The Group pledged bank deposits of approximately HK\$24.8 million (31 March 2021: HK\$24.4 million) to secure the Group's banking facilities. As at 31 March 2022, the current ratio of the Group was approximately 2.2 times (31 March 2021: 1.9 times).

## **Accruals, other payables and provisions**

As at 31 March 2022, the Group had total accruals, other payables and provisions of approximately HK\$341.1 million (31 March 2021: HK\$323.2 million). The increase was mainly due to the increase in accrued staff costs and provision. This is generally in line with the increase in revenue.

## **Bank and other borrowings**

As at 31 March 2022, the Group had total bank and other borrowings of approximately HK\$51.8 million (31 March 2021: HK\$60.4 million). As at 31 March 2022, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$2,071.9 million, of which approximately HK\$1,640.3 million was unutilised.

## **Gearing ratio**

As at 31 March 2022, the Group's gearing ratio was approximately 12.4% (31 March 2021: 18.3%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts include interest-bearing bank and other borrowings, loan from a controlling shareholder and lease liabilities.

## **Foreign currency exposure**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group's entities located in Hong Kong. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **Capital expenditure**

The Group incurred total capital expenditures of approximately HK\$26.6 million and HK\$68.1 million respectively for the years ended 31 March 2022 and 2021 for additions of property, plant and equipment. The capital expenditure was principally incurred due to the acquisition of motor vehicles for rendering environmental hygiene service. It was mainly funded by cash generated from operating activities.

## **Capital commitment**

As at 31 March 2022, the Group had no capital commitment (31 March 2021: HK\$5.7 million). Capital commitment as at 31 March 2021 mainly comprises the related contracts for acquisition of motor vehicles for rendering environmental hygiene service.

## **Charges on the Group's assets**

As at 31 March 2022 and 2021, the Group pledged certain property, plant and equipment, bank deposits, account receivables, right-of-use assets and financial assets at fair value through profit or loss ("FVTPL") with an aggregate carrying amount of HK\$114.7 million (31 March 2021: HK\$135.3 million) to secure bank and other borrowings, performance bonds relating to deposits for cleaning, janitorial and other related service projects, and lease liabilities.

## **Contingent liabilities**

### **(a) *Performance bonds***

At 31 March 2022 and 2021, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK\$422,856,000 and HK\$404,399,000 respectively. The performance bonds were secured by pledged bank deposits, account receivables, financial assets at FVTPL and were guaranteed by the Company.

**(b) Litigation**

As at 31 March 2022 and 2021, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$3,072,000 and HK\$4,575,000 respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

**ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD**

During the year ended 31 March 2022, the Group did not make any material acquisition, disposal nor hold any significant investment.

**EVENTS AFTER THE REPORTING PERIOD**

The Group does not have any material events after the end of the reporting period.

**HUMAN RESOURCES**

As at 31 March 2022, the Group had over 13,000 employees (31 March 2021: over 13,000 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and reward for their contributions. In addition, the Group conducted various training activities, such as training on operational safety, office and management skills, to improve the front-end quality of services and office support during the year ended 31 March 2022.

**AUDIT COMMITTEE**

The Company established the Audit Committee on 3 September 2019 with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong. Mr. FAN Chiu Tat Martin serves as the chairman of the Audit Committee. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee and management team had discussed and reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 March 2022.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of 5.0 Hong Kong cents per Share (2021: 7.5 Hong Kong cents per Share) for the year ended 31 March 2022. Subject to the Shareholders' approval at the 2022 AGM, the final dividend will be payable on 10 October 2022 to those Shareholders whose names appear on the register of members of the Company at the close of business on 19 September 2022, being the record date for determining the entitlements to the final dividend.

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

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Throughout the year ended 31 March 2022, the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this annual results announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on this annual results announcement.

## ANNUAL GENERAL MEETING

The 2022 AGM will be held on Friday, 9 September 2022. Notice of the 2022 AGM will be published and dispatched to the Shareholders in due course.

### CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend, speak and vote at the 2022 AGM (or at any adjournment thereof), and the eligible Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

- (i) For determining the Shareholders' eligibility to attend, speak and vote at the 2022 AGM:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 2 September 2022
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Closure of the register of members	Monday, 5 September 2022 to Friday, 9 September 2022 (both days inclusive)
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- (ii) Subject to the passing of the proposal for distributing the final dividend at the 2022 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Thursday, 15 September 2022
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Record date	Monday, 19 September 2022
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Closure of the register of members	Friday, 16 September 2022 to Monday, 19 September 2022 (both days inclusive)
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For the above purposes, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than the aforementioned latest time.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.johnsonholdings.com](http://www.johnsonholdings.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report for the year ended 31 March 2022 will be available on the websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express gratitude to the Group's management team and staff for their dedication, as well as our Shareholders, investors and business partners' support and trust. Looking ahead, we will proactively seize business opportunities and developments to maximize the returns of our Shareholders.

By order of the Board  
**Hong Kong Johnson Holdings Co., Ltd.**  
**XIE Hui**  
*Chairman*

Hong Kong, 29 June 2022

*As at the date of this announcement, the executive Directors are Mr. NG Chun Man and Dr. LI Zhuang (Vice President); the non-executive Directors are Mr. XIE Hui (Chairman), Mr. JIN Liang, Mr. YAN Jun, Ms. LI Yanmei, Ms. LEE Wing Yee Loretta, Ms. WONG Ling Fong Lisa and Mr. ZHOU Wenjie; and the independent non-executive Directors are Mr. FAN Chiu Tat Martin, Dr. GUAN Yuyan, Mr. HONG Kam Le, Mr. LEUNG Siu Hong and Ms. RU Tingting.*

## GLOSSARY AND DEFINITION

In this announcement, the following terms shall have the following meanings, unless the context otherwise requires:

“2022 AGM”	the annual general meeting of the Company to be held on 9 September 2022
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company”	Hong Kong Johnson Holdings Co., Ltd. (香港莊臣控股有限公司) (stock code: 1955), a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Greater Bay Area”	the Guangdong-Hong Kong-Macao Greater Bay Area comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Mainland China and Hong Kong”	Mainland China and Hong Kong
“MSW”	the municipal solid waste
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of the Company of HK\$0.01 each in the issued capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited