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WINSON HOLDINGS HONG KONG LIMITED

永順控股香港有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6812)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Percentage Change
	2022 (HK\$ million)	2021 (HK\$ million)	
Revenue	473.7	530.0	-10.6%
Gross profit	76.3	74.8	2.0%
Profit for the year	22.1	73.8	-70.1%
Total assets	264.2	276.5	-4.4%
Total equity	195.4	208.7	-6.4%
Key Financial Ratios			
Gross profit margin	16.1%	14.1%	
Net profit margin	4.7%	13.9%	
Return on equity	11.3%	35.4%	
Return on total assets	8.4%	26.7%	
Dividend payout ratio	40.0%	48.0%	
Interest coverage ratio	228.4 times	376.9 times	
Current ratio	4.1 times	4.6 times	
Quick ratio	4.1 times	4.6 times	
Gearing ratio	0.02 times	0.03 times	

ANNUAL RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Winson Holdings Hong Kong Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the consolidated results of the Group for the year ended 31 March 2022 (“**FY2022**”), together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	473,685	529,987
Cost of services		<u>(397,336)</u>	<u>(455,163)</u>
Gross profit		76,349	74,824
Other income and gains	5	1,288	67,048
General operating expenses		(51,139)	(64,988)
Finance costs		<u>(116)</u>	<u>(204)</u>
Profit before income tax	6	26,382	76,680
Income tax expense	7	<u>(4,286)</u>	<u>(2,871)</u>
Profit for the year and total comprehensive income for the year attributable to owners of the Company		<u>22,096</u>	<u>73,809</u>
Earnings per share	9		
— Basic		<u>HK3.7 cents</u>	<u>HK12.3 cents</u>
— Diluted		<u>HK3.7 cents</u>	<u>HK12.3 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		37,784	37,798
Prepayments	<i>11</i>	<u>—</u>	<u>651</u>
		37,784	38,449
Current assets			
Inventories		79	182
Trade receivables	<i>10</i>	104,019	106,115
Prepayments, deposits and other receivables	<i>11</i>	5,119	7,699
Tax recoverable		19	2,346
Cash and cash equivalents		117,213	121,673
		226,449	238,015
Current liabilities			
Trade payables	<i>12</i>	16,331	14,430
Accruals, deposits and other payables	<i>12</i>	33,036	31,684
Lease liabilities		408	455
Bank borrowings		4,034	5,544
Tax payable		1,660	4
		55,469	52,117
Net current assets		170,980	185,898
Total assets less current liabilities		208,764	224,347
Non-current liabilities			
Lease liabilities		86	—
Provision for long service payments		10,946	13,687
Deferred tax liabilities		2,354	1,978
		13,386	15,665
Net assets		195,378	208,682
EQUITY			
Share capital		6,000	6,000
Reserves		189,378	202,682
Total equity		195,378	208,682

NOTES

1. CORPORATE INFORMATION

Winson Holdings Hong Kong Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 31 May 2016. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of the Company’s 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 01–02, 9/F., The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company, collectively referred to as the “**Group**”) are provision of environmental hygiene and related services and airline catering support services in Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

2.1 Adoption of revised HKFRSs

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the amendments to HKFRSs has no material impact on the Group’s consolidated financial statements.

2.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 1, HKFRS 9 and HKFRS 16	Annual improvements to HKFRSs 2018–2020 Cycle ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

The directors of the Company anticipate that the adoption of the other new/revised standards will not result in significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated.

4. SEGMENT INFORMATION

The information reported to the executive directors of the Company, who are the chief operating decision makers for the purpose of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. The Group is currently organised into two operating divisions as follows:

- (1) Environmental hygiene and related services
- (2) Airline catering support services

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than tax recoverable and cash and cash equivalents.
- all liabilities are allocated to operating segments other than bank borrowings and tax payable.
- all profit or loss are allocated to operating segments other than directors' emoluments, finance costs related to bank borrowings, income tax expense and certain other income and expenses incurred by the head office.

For the year ended 31 March 2022

	Environmental hygiene and related services HK\$'000	Airline catering support services HK\$'000	Total HK\$'000
Revenue			
Sales to external customers	<u>473,685</u>	<u>—</u>	<u>473,685</u>
Segment results	<u>38,247</u>	<u>—</u>	<u>38,247</u>
Directors' emoluments			(11,278)
Finance costs			(89)
Unallocated corporate income and expenses, net			<u>(498)</u>
Profit before income tax			26,382
Income tax expense			<u>(4,286)</u>
Profit for the year			<u>22,096</u>
Segment assets	147,001	—	147,001
Tax recoverable			19
Cash and cash equivalents			<u>117,213</u>
Total assets			<u>264,233</u>
Segment liabilities	63,161	—	63,161
Bank borrowings			4,034
Tax payable			<u>1,660</u>
Total liabilities			<u>68,855</u>
Other segment information			
Depreciation	(6,681)	—	(6,681)
Additions to non-current assets	<u>6,726</u>	<u>—</u>	<u>6,726</u>

For the year ended 31 March 2021

	Environmental hygiene and related services <i>HK\$'000</i>	Airline catering support services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
Sales to external customers	<u>529,987</u>	<u>—</u>	<u>529,987</u>
Segment results	<u>91,448</u>	<u>—</u>	91,448
Directors' emoluments			(11,397)
Finance costs			(145)
Unallocated corporate income and expenses, net			<u>(3,226)</u>
Profit before income tax			76,680
Income tax expense			<u>(2,871)</u>
Profit for the year			<u>73,809</u>
Segment assets	151,928	517	152,445
Tax recoverable			2,346
Cash and cash equivalents			<u>121,673</u>
Total assets			<u>276,464</u>
Segment liabilities	62,234	—	62,234
Bank borrowings			5,544
Tax payable			<u>4</u>
Total liabilities			<u>67,782</u>
Other segment information			
Depreciation	(5,538)	—	(5,538)
Additions to non-current assets	<u>8,770</u>	<u>—</u>	<u>8,770</u>

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, Hong Kong is regarded as the Group's place of domicile. All the Group's revenue and non-current assets are attributable to Hong Kong for the years ended 31 March 2022 and 2021, being the single geographical region.

The geographical location of customers is based on the location at which the services were provided. All the Group's revenue from external customers is sourced from Hong Kong.

Revenue from customers which individually contributed 10% or more of the Group's revenue, are set out as follows:

	2022	2021
	HK\$'000	HK\$'000
Customer A (<i>note 1</i>)	197,937	218,852
Customer B (<i>note 2</i>)	57,885	N/A

Notes:

- (1) It is a customer for environmental hygiene and related services for the years ended 31 March 2022 and 2021.
- (2) It is a customer for environmental hygiene and related services for the year ended 31 March 2022.

For the year ended 31 March 2021, revenue from this customer was less than 10% of the Group's revenue.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the income from environmental hygiene and related services rendered.

- (a) The Group's revenue recognised within the scope of HKFRS 15 are as follows:

	2022	2021
	HK\$'000	HK\$'000
Revenue:		
Environmental hygiene and related services	473,685	529,987

- (b) The Group's other income and gains recognised during the year are as follows:

	2022	2021
	HK\$'000	HK\$'000
Other income and gains:		
Sales of scrap materials	373	242
Reversal of impairment loss of trade receivables	82	133
Government subsidies (<i>note</i>)	830	66,591
Rental income	3	82
	1,288	67,048

Note: For the year ended 31 March 2022, the amounts represented subsidies to the Group for phasing out certain diesel motor vehicles of HK\$830,000.

For the year ended 31 March 2021, the amounts represented the subsidies granted by the Government of the Hong Kong Special Administrative Region of the People's Republic of China under the Anti-epidemic Fund, which include (i) Employment Support Scheme of HK\$65,501,000 in which the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time; and (ii) Subsidy for Transport Trades of HK\$340,000. The remaining of HK\$750,000 represented subsidies to the Group for phasing out certain diesel motor vehicles.

The Group does not have other unfulfilled obligations relating to these subsidies.

6. PROFIT BEFORE INCOME TAX

Profit before income tax for the year has been arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
— audit services	600	600
— non-audit services	<u>160</u>	<u>170</u>
	<u>760</u>	<u>770</u>
Cost of inventories recognised as expenses	12,863	14,920
Depreciation	6,681	5,538
Loss on disposal of property, plant and equipment	59	8
Reversal of impairment loss on trade receivables, net	(82)	(133)
Short-term lease expenses	354	335
Employee costs (including directors' remuneration):		
— Wages, salaries and allowances	282,228	309,024
— Retirement scheme contributions	<u>11,508</u>	<u>12,292</u>
	<u>293,736</u>	<u>321,316</u>

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided in accordance with two-tiered profits tax rate regime. The first HK\$2,000,000 of assessable profits of a qualifying entity of the Group is taxed at 8.25% and the assessable profits above HK\$2,000,000 are taxed at 16.5% for both years.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax	3,850	1,943
Current tax — under-provision in prior years	60	44
Deferred taxation	<u>376</u>	<u>884</u>
	<u>4,286</u>	<u>2,871</u>

8. DIVIDENDS

(a) Dividends attributable to the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend proposed of HK1.473 cents (2021: HK5.9 cents) per ordinary share	<u>8,838</u>	<u>35,400</u>

The final dividend proposed after the reporting date for the year ended 31 March 2022 is subject to shareholders' approval at the forthcoming annual general meeting and has not been recognised as a liability as at 31 March 2022.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend paid in respect of prior year — HK5.9 cents (2021: nil) per ordinary share	<u>35,400</u>	<u>—</u>

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective years.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company	<u>22,096</u>	<u>73,809</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	600,000	600,000
Effect of dilutive potential ordinary shares:		
— Share options	<u>8</u>	<u>6</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>600,008</u>	<u>600,006</u>

The calculation of basic earnings per share for the year ended 31 March 2022 is based on the profit for the year attributable to owners of the Company of HK\$22,096,000 (2021: HK\$73,809,000) and on the weighted average number of ordinary shares of 600,000,000 (2021: 600,000,000) in issue during the year ended 31 March 2022.

Diluted earnings per share for the years ended 31 March 2022 and 2021 are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

10. TRADE RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, net of loss allowance	<u>104,019</u>	<u>106,115</u>

Trade receivables are denominated in Hong Kong Dollars for both years.

The credit terms of the trade receivables are ranged from 0 to 60 days (2021: 0 to 60 days) from the date of billing.

The ageing analysis of trade receivables based on the invoice date and net of loss allowance as of the end of the reporting period is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	40,849	44,185
One to three months	52,684	46,936
More than three months	<u>10,486</u>	<u>14,994</u>
	<u>104,019</u>	<u>106,115</u>

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current:		
Prepayments for purchase of property, plant and equipment	<u>—</u>	<u>651</u>
Current:		
Prepayments for consumables	94	140
Other prepayments	4,568	5,516
Deposits	451	710
Other receivables	<u>6</u>	<u>1,333</u>
	<u>5,119</u>	<u>7,699</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	<u>16,331</u>	<u>14,430</u>
Accrued staff costs	26,626	25,979
Other accrued expenses (<i>note (b)</i>)	5,388	4,514
Other payables	460	623
Deposits	<u>562</u>	<u>568</u>
	<u>33,036</u>	<u>31,684</u>

Notes:

- (a) Trade payables are denominated in Hong Kong Dollars for both years.

The ageing analysis of trade payables based on the invoice date as of the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one month	10,032	9,099
One to three months	4,328	4,749
More than three months	<u>1,971</u>	<u>582</u>
	<u>16,331</u>	<u>14,430</u>

- (b) As at 31 March 2022 and 2021, other accrued expenses mainly represented the accrued untaken paid leave to employees.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

There had been a general increase in demand for hygiene services from customers for disease prevention and control, such as more frequent cleaning, sanitising, mist disinfections etc. since the COVID-19 outbreak, which partly counteracted the impact of remote working arrangement and shortening opening hours of commercial and dining venues which reduced the demand for cleaning and waste management services. Moreover, the Group noticed that existing and potential customers have become prudent and more price-conscious with their procurement due to the adverse impacts of the pandemic and the accompanied economic uncertainties. In response, the Group exacerbated its business development effort and submitted bids for over 350 potential new contracts during the FY2022 and the number and value of new contracts secured by the Group increased to 22 and HK\$38.1 million respectively, as compared to 15 and HK\$27.6 million for the year ended 31 March 2021 (the “**Previous Year**” or “**FY2021**”); new projects contracted during the FY2022 included a prominent 5-star hotel, a notable new shopping mall and a number of branches of an international bank. On the other hand, relatively few number of service contracts were due for renewal during the FY2022 and as a result, despite the contract renewal rate increased to 74.2% for the FY2022 from 71.4% for the Previous Year, the value of contracts renewed dropped to HK\$210.8 million as compared to HK\$773.6 million for the Previous Year; it is expected the value of contract renewal will rebound in the next year when higher proportion of service contracts become due for renewal. Overall, the Group’s value of outstanding contract works as at 31 March 2022 declined by approximately 20% from HK\$655.5 million to HK\$522.5 million.

The Group’s airline catering support services business has been temporarily suspended since March 2020 and remained so until present as a result of the COVID-19 outbreak and travel restrictions which reduced passenger traffic to negligible level. Accordingly, no revenue was recorded from this business segment for both FY2022 and the Previous Year.

For reasons stated above, the Group recorded a decline in revenue of HK\$56.3 million or 10.6% to approximately HK\$473.7 million for the FY2022, as compared to HK\$530.0 million for the Previous Year. However, as a result of management’s strategy to promote premium and specialised services, the gross profit and gross profit margin increased to HK\$76.3 million and 16.1% for FY2022, as compared to HK\$74.8 million and 14.1% for the Previous Year respectively.

Further analysis of the Group’s financial results is set out in the section “Financial Review” below.

OUTLOOK

Management considers the slight decline in revenue for the FY2022 is of temporary nature and attributable to market and economic uncertainties brought on by the pandemic. To compact the said uncertainties, the Group is proactively enriching its range of service offerings, such as recycling of kitchen waste and other environmental related services, with an aim to broaden and diversify its customer base. Also, the Group registered itself as a supplier to a public health service operator during the FY2022 and subsequently in April 2022 has been awarded a contract for waste management service for a key district hospital, which is a notable milestone for the Group's development path at a time of turmoil. Having achieved a presence in the healthcare service sector, we will continue our unwavering efforts to secure further projects for various service offerings in this new customer sector. The prolonged COVID-19 outbreak has instilled strong awareness of and the needs for public cleanliness; the Group will target for associated opportunities available in the public sector, such as Food and Environmental Hygiene Department and other governmental or public service bodies.

At the same time, management has been exploring horizontal business development opportunities, including the possible expansion in geographic coverage and in property related synergised services. To facilitate horizontal business development plan, the Group entered into a strategic cooperation framework agreement (the “**Cooperation Agreement**”) with Lask JV Facility Management Services Limited (“**Lask**”, together with its subsidiaries, the “**Lask Group**”) on 1 November 2021 to (i) make use of each other's business network and operational expertise to identify potential business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”); and (ii) give due consideration to engage each other as business and/or operational cooperation partner to commence business operations or to enter into business transactions in the Greater Bay Area. Lask Group is principally engage in facility management services for residential, commercial and office premises, security services and horticulture services in the People's Republic of China. The modes of cooperation between the parties include the formation of new joint ventures and to jointly bid for and complete projects. Further details about the Cooperation Agreement and the background of Lask Group are set out in the announcement published by the Company on 1 November 2021. The Group is also keen to explore new service offerings which synergies with its current environmental hygiene and related services business, such as pest control, property security and general property management services, in the Greater Bay Area.

Looking beyond the near-term uncertainties brought on by the COVID-19 outbreak, the market outlooks remains positive and will mainly be driven by urban and transportation development plans as announced by the government, including the Northern Metropolis plan, Lantau Tomorrow, and various rail network extension projects etc., which will create strong demand for environmental hygiene and other property related services. The Group also has the advantage to avail itself to business opportunities in the Greater Bay Area from its strategic cooperation with Lask Group as previously mentioned.

FINANCIAL REVIEW

Revenue

For the FY2022, total revenue was approximately HK\$473.7 million, representing a decrease of approximately 10.6% (FY2021: approximately HK\$530.0 million). The decrease in revenue mainly due to unsuccessful renewal of a few major contracts.

The following is an analysis of Group's revenue by segment:

	2022		2021	
	HK\$'000	%	HK\$'000	%
Environmental hygiene and related services	473,685	100.0	529,987	100.0
Airline catering support services	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>473,685</u>	<u>100.0</u>	<u>529,987</u>	<u>100.0</u>

For the FY2022, revenue from environmental hygiene and related services amounted to approximately HK\$473.7 million (FY2021: approximately HK\$530.0 million). The airline catering support services was still plagued with COVID-19 for FY2022, nil revenue from this segment as same as FY2021.

Cost of Services

For the FY2022 and FY2021, the cost of services of the Group amounted to approximately HK\$397.3 million and HK\$455.2 million respectively, representing approximately 83.9% and 85.9% of the Group's revenue for the corresponding years. The cost of services of the Group comprised direct wages, consumables and sub-contracting fees.

Gross Profit and Gross Profit Margin

The gross profit slightly increased from approximately HK\$74.8 million for the FY2021 to approximately HK\$76.3 million for the FY2022. The overall gross profit margin increased from approximately 14.1% for the FY2021 to approximately 16.1% for the FY2022. The following table sets forth breakdown of gross profit and gross profit margin by segment.

	Year ended 31 March 2022		Year ended 31 March 2021	
	Gross Profit HK\$'000	Gross Profit Margin %	Gross Profit HK\$'000	Gross Profit Margin %
Environmental hygiene and related services	76,349	16.1	74,824	14.1
Airline catering support services	—	—	—	—
Total	<u>76,349</u>	<u>16.1</u>	<u>74,824</u>	<u>14.1</u>

The gross profit of environmental hygiene and related services slightly increased by approximately 2.0% from approximately HK\$74.8 million for the FY2021 to HK\$76.3 million for the FY2022. The gross profit margin increased from approximately 14.1% for the FY2021 to 16.1% for FY2022.

The increase of gross profit of environmental hygiene and related services was mainly due to few major contracts that were not successful in renewal, these contracts have a relatively higher cost of services and did not achieve the Company's average gross profit margin. The loss of these contracts pulled up the average gross profit and gross profit margin as a whole. The airline catering support services was still suspended because of COVID-19 for both FY2021 and FY2022, nil gross profit contribution from this segment.

General Operating Expenses

The general operating expenses decreased by approximately 21.4% or approximately HK\$13.9 million, from approximately HK\$65.0 million for the FY2021 to approximately HK\$51.1 million for the FY2022. The decrease of general operating expenses was mainly attributable to approximately HK\$11.3 million one-off expenses including anti-epidemic allowance to staff, professional fees and charitable donation was included in the FY2021.

Finance Costs

The Group's finance costs decreased by approximately 50.0% from approximately HK\$0.2 million for the FY2021 to approximately HK\$0.1 million for the FY2022 as the Group required less external financing for working capital requirement.

Profit and Total Comprehensive Income for the Year Attributable to Owners of the Company

The Group's profit and total comprehensive income attributable to owners of the Company for each of the FY2022 and FY2021 were approximately HK\$22.1 million and HK\$73.8 million respectively, representing of approximately 4.7% and 13.9% of the respective year's total revenue. The decrease in net profit was mainly attributable to the receipt of subsidies of approximately HK\$65.5 million from government under employment support scheme for FY2021.

Capital Expenditure

During the FY2022, the Group's capital expenditure which mainly included additions in equipment and motor vehicles amounted to approximately HK\$5.9 million (FY2021: HK\$8.8 million). These capital expenditures were mainly financed by fund generated from operating activities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the Group's total current assets and current liabilities were approximately HK\$226.4 million (31 March 2021: HK\$238.0 million) and HK\$55.5 million (31 March 2021: HK\$52.1 million) respectively, while the current ratio was approximately 4.1 times (31 March 2021: approximately 4.6 times).

As at 31 March 2022, the Group had total assets of approximately HK\$264.2 million which were financed by total liabilities and total equity of approximately HK\$68.9 million and HK\$195.4 million respectively. As at 31 March 2022, the Group had cash and bank balance of approximately HK\$117.2 million (31 March 2021: approximately HK\$121.7 million).

The Group gearing ratio was 0.02 times as at 31 March 2022 (31 March 2021: 0.03 times), which was calculated based on the total lease liabilities and bank borrowings over total equity of the Group.

There was no change to the Company's capital structure during the year ended 31 March 2022. As at 31 March 2022, the issued share capital of the Company was HK\$6,000,000 divided into 600,000,000 shares of HK\$0.01 each (the "**Shares**").

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 1,886 (31 March 2021: 2,077) employees. The Group enters into separate employment contracts with each of the Group's employees in accordance with the applicable employment laws in Hong Kong. The remuneration package includes basic salary, bonuses and other cash allowances or subsidies. The Group conducts annual review on salary, bonuses and promotions based on the performance of each employee. The total staff costs and related expenses (including directors' remuneration) for the year ended 31 March 2022 were approximately HK\$293.7 million, representing a decrease of approximately 8.6% or approximately HK\$27.6 million as compared with approximately HK\$321.3 million for the year ended 31 March 2021.

Apart from basic remuneration, share options have been granted under the pre-IPO share option scheme to recognise the contribution to the Group by an executive Director and certain employees of the members of the Group. Further share options may be granted under share option scheme to attract and retain the best available personnel, provide additional incentive to employees (full-time and part-time), as well as promote the success of the business of the Group.

In order to provide quality services to customers, the Group provides ongoing training regularly to relevant staff across different departments with topics including but not limited to information technology, environmental protection, ISO training, safety training as well as trainings for supervisory roles, etc. Such trainings are either provided internally or by external parties.

FOREIGN EXCHANGE EXPOSURE

Since the Group generated all of the revenue and incurred most of the costs in Hong Kong dollars for the year ended 31 March 2022, there was no significant exposure to foreign exchange fluctuation and the Group did not maintain any hedging policy against foreign exchange risk. The management will consider hedging significant currency exposure should the need arise.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2021 and 31 March 2022.

CHARGE OVER GROUP'S ASSETS

The Group's leasehold land and buildings of carrying value of approximately HK\$25.2 million as at 31 March 2022 (31 March 2021: approximately HK\$26.2 million), were pledged to secure the bank loans.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no capital commitments (31 March 2021: HK\$1.5 million) in respect of contracted but not provided for purchase of property, plant and equipment.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2022.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investment held as at 31 March 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any plans for material investments or capital assets as of 31 March 2022.

USE OF PROCEEDS

On 16 March 2017, the Shares were first listed on GEM of the Stock Exchange by way of share offer (the “**Share Offer**”). Based on the offer price of HK\$0.42 per share, the net proceeds from the Share Offer, after deducting listing related expenses, amounted to approximately HK\$40.1 million. The Group has utilised and will continue to utilise such net proceeds from the Share Offer for the purposes set out in the section headed “Statement of Business Objectives and Use of Proceeds” in the prospectus of the Company dated 28 February 2017 (the “**Prospectus**”). As at 31 March 2022, the Group’s planned application and actual utilisation of the net proceeds is set out below:

Use of proceeds	Percentage of total net proceeds	Planned applications <i>HK\$ in million</i>	Actual usage up to 31 March 2022 <i>HK\$ in million</i>	Unutilised net proceeds as at 31 March 2022 <i>HK\$ in million</i>	Expected timeline for the use of unutilised net proceeds
For strengthening the Group’s available financial resources to finance cash flow mismatch under the tender contracts	45.0%	18.1	18.1	—	N/A
For increasing the market penetration by strengthen the promotion of the Group’s brand	7.0%	2.8	2.6	0.2	By/before 31 March 2023
For strengthening the established position in the environmental services industry in Hong Kong	19.0%	7.6	7.6	—	N/A
For enhancing the information technology system to strengthen operational efficiency and service qualities	19.0%	7.6	6.7	0.9	By/before 31 March 2023
For the use as general working capital of the Group	10.0%	4.0	4.0	—	N/A
Total		<u>40.1</u>	<u>39.0</u>	<u>1.1</u>	

As at 31 March 2022, the unutilised net proceeds amounted to approximately HK\$1.1 million, which was intended to be utilised for (i) enhancing the information technology system to strengthen operational efficiency and service qualities as to approximately HK\$0.9 million; and (ii) increasing the market penetration by strengthen the promotion of the Group's brand as to approximately HK\$0.2 million.

Due to the prolonging COVID-19 pandemic, unprecedented change has been made to the business environment socially and economically. Commercial activities and engagements have been cut out due to social distance restriction. Advertising and event sponsorship has been substantially reduced/suspended due to budget cut down and the production line from IT products manufacturer has also been suspended, resulting in delay in delivery of products. As a result, the Company's utilization plan in increasing the market penetration and enhancing the information technology system has inevitably been delayed. Under this condition, the Company will be more confident to resume the utilization plan with appropriate tools and channels for the long run. It is expected the use of unutilised net proceeds be completed by 31 March 2023.

As at 31 March 2022, the unutilised net proceeds of approximately HK\$1.1 million have been placed as interest bearing deposits with a licensed bank in Hong Kong and are intended to be applied in a manner consistent with the proposed allocations in the Prospectus.

EVENT AFTER REPORTING PERIOD

There are no significant events after the reporting period and up to the date of this annual results announcement.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

Save for the deviation of code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 under the new CG Code that came into effect on 1 January 2022), which states that the roles of chairman and the chief executive officer should be segregated and should not be performed by the same individual, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the year ended 31 March 2022 and the Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

Chairperson and Chief Executive Officer

Up to the date of this announcement, the Company has not appointed a chief executive officer and the role and functions of chief executive officer have been performed by all the executive Directors, including Madam Ng Sing Mui, the chairperson of the Company and an executive Director, collectively. The Board considered that this has the advantages of allowing contributions from all executive Directors with different expertise and will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK1.473 cents (2021: HK5.9 cents) per Share for the year ended 31 March 2022, amounting to a total of HK\$8,838,000. The proposed final dividend is subject to the approval of the shareholders at the annual general meeting of the Company to be held on Tuesday, 2 August 2022 (the “**2022 AGM**”) and is expected to be payable on or about Friday, 26 August 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Thursday, 28 July 2022 to Tuesday, 2 August 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 July 2022.

For determining the entitlement of the shareholders to the aforesaid proposed final dividend, the register of members of the Company will be closed from Monday, 8 August 2022 to Wednesday, 10 August 2022, both days inclusive, during which period no transfers of Shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of the shareholders at the 2022 AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 August 2022.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the “**Audit Committee**”) on 21 February 2017 with written terms of reference in compliance with the CG Code. Currently, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Yuen Ching Bor Stephen and Mr. Chan Chun Sing with Mr. Chung Koon Yan being the chairperson of the Audit Committee.

The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, risk management and internal control systems, and review of the Group’s financial information.

The Audit Committee has reviewed the consolidated results of the Group for the year ended 31 March 2022 and is of the opinion that such consolidated results complied with the applicable accounting standards, the Listing Rules, other applicable legal requirements and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

By Order of the Board
Winson Holdings Hong Kong Limited
Ng Sing Mui
Chairperson and Executive Director

Hong Kong, 20 June 2022

As at the date of this announcement, the executive Directors are Madam Ng Sing Mui, Ms. Sze Tan Nei, Mr. Ang Ming Wah and Mr. Sze Wai Lun; and the independent non-executive Directors are Mr. Yuen Ching Bor Stephen, Mr. Chung Koon Yan and Mr. Chan Chun Sing.