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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 2024**

The board of directors (the “**Board**”) of Hong Kong Johnson Holdings Co., Ltd. (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 (the “**Year**” or “**Review Year**”), together with the comparative figures for the year ended 31 March 2023 as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 March		Change
	2024	2023	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	1,564,215	2,280,200	(31.4%)
Gross profit	100,836	126,446	(20.3%)
Gross profit margin (%)	6.4%	5.5%	
Profit for the year attributable to equity holders of the Company	17,259	30,550	(43.5%)
Basic and diluted earnings per share (HK cents)	3.5	6.1	(43.5%)
Proposed final dividend per share (HK cents)	0.94	1.22	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	1,564,215	2,280,200
Cost of services		<u>(1,463,379)</u>	<u>(2,153,754)</u>
Gross profit		100,836	126,446
Government subsidies from Employment Support Scheme of the Government of the Hong Kong Special Administrative Region (the “HKSAR”)		–	3,061
Other income	4	7,308	3,516
Other gains	5	2,606	4,274
Allowance for account receivables		(831)	(688)
Administrative expenses		<u>(87,716)</u>	<u>(91,665)</u>
Profit from operations		22,203	44,944
Finance costs		<u>(2,978)</u>	<u>(6,859)</u>
Profit before tax		19,225	38,085
Income tax expense	6	<u>(1,966)</u>	<u>(7,535)</u>
Profit for the year attributable to equity holders of the Company	7	<u>17,259</u>	<u>30,550</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents per share)	9	<u>3.5</u>	<u>6.1</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement losses on defined benefit pension plans	<u>(1,338)</u>	<u>–</u>
Other comprehensive income for the year	<u>(1,338)</u>	<u>–</u>
Total comprehensive income for the year attributable to equity holders of the Company	<u><u>15,921</u></u>	<u><u>30,550</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		68,445	70,619
Right-of-use assets		28,096	34,600
Financial assets at fair value through profit or loss (“FVTPL”)		12,649	12,258
Deferred tax assets		156	147
		<hr/>	<hr/>
Total non-current assets		109,346	117,624
Current assets			
Account receivables	<i>10</i>	260,031	340,398
Prepayments, deposits and other receivables		10,959	7,730
Inventories		6	139
Pledged bank deposits		30,523	29,566
Bank and cash balances		426,967	455,007
		<hr/>	<hr/>
Total current assets		728,486	832,840
Current liabilities			
Account payables	<i>11</i>	18,006	28,291
Accruals, other payables and provisions		189,632	280,579
Bank and other borrowings		8,997	10,818
Lease liabilities		6,493	7,300
Current tax liabilities		1,850	2,083
		<hr/>	<hr/>
Total current liabilities		224,978	329,071
Net current assets		503,508	503,769
		<hr/>	<hr/>
Total assets less current liabilities		612,854	621,393
		<hr/>	<hr/>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Provisions	608	444
Bank and other borrowings	7,984	17,496
Lease liabilities	2,168	8,495
Deferred tax liabilities	5,814	8,499
	<hr/>	<hr/>
Total non-current liabilities	16,574	34,934
	<hr/>	<hr/>
NET ASSETS	596,280	586,459
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	5,000	5,000
Reserves	591,280	581,459
	<hr/>	<hr/>
TOTAL EQUITY	596,280	586,459
	<hr/> <hr/>	<hr/> <hr/>

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).

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 to the consolidated financial statements 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 new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022, and the cash flows and basic and diluted earnings per share for the year ended 31 March 2023. With reference to the assessment by a qualified external specialist engaged by the Group, there is no material financial statement impact for the years ended 31 March 2024 and 2023.

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
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 anticipate that the application of all the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(a) Disaggregation of revenue

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Cleaning, janitorial and other related services income	<u>1,564,215</u>	<u>2,280,200</u>
Timing of revenue recognition		
Services transferred over time	<u><u>1,564,215</u></u>	<u><u>2,280,200</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 2024 and 2023 and the expected timing of recognising revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	925,811	1,074,628
More than one year but not more than two years	323,261	544,124
More than two years	<u>69,743</u>	<u>169,631</u>
	<u><u>1,318,815</u></u>	<u><u>1,788,383</u></u>

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 to its contracts with customers such that no adjustment would be made for the effect of a significant financing component on the transaction price allocated to the remaining performance obligation with the corresponding period between transferring promised goods or services to customers and their settlement expected at contract inception to be within one year.

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	6,885	2,159
Dividend income from financial assets at FVTPL	99	78
Government subsidies (<i>note</i>)	–	1,279
Other income	324	–
	<u>7,308</u>	<u>3,516</u>

Note: The amounts represent government grants for the anti-epidemic fund and other subsidies received from the Government of the HKSAR during the year ended 31 March 2023.

5. OTHER GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on disposals/write-off of property, plant and equipment, net	2,215	4,149
Fair value gain on financial assets at FVTPL, net	391	125
	<u>2,606</u>	<u>4,274</u>

6. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	4,888	10,921
Over-provision in prior year	(228)	–
	<u>4,660</u>	<u>10,921</u>
Deferred tax	(2,694)	(3,386)
	<u>1,966</u>	<u>7,535</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 2024 and 2023.

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	19,225	38,085
Tax at the Hong Kong Profits Tax rate of 16.5% (2023:16.5%)	3,172	6,284
Tax effect of income that is not taxable	(1,023)	(1,495)
Tax effect of expenses that are not deductible	851	958
Tax effect of temporary differences not recognised	(1,694)	–
Tax concession	(3)	(6)
Tax effect of tax losses not recognised	1,229	464
Derecognition of tax losses previously recognised	–	640
Over-provision in prior year	(228)	–
Others	(338)	690
Income tax expense	1,966	7,535

7. PROFIT FOR THE YEAR

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration	1,080	1,080
Cost of services (<i>note (a)</i>)	1,463,379	2,153,754
Depreciation of property, plant and equipment	20,284	33,407
Depreciation of right-of-use assets	5,718	9,476
Gain on disposals/write-off of property, plant and equipment, net	(2,215)	(4,149)
Allowance for account receivables	831	688
Write-down of inventories	139	–
Expenses relating to short-term leases	575	482
	<u>1,118,030</u>	<u>1,673,143</u>
Staff costs including labour costs, employee expenses and directors' emoluments		
Salaries, bonuses and allowances	1,118,030	1,673,143
Provision for employee benefits (<i>note (b)</i>)	32,624	70,196
Provision for/(reversal of provision for) employee compensation claims and related legal fees	835	(402)
Retirement benefit scheme contributions	29,096	42,088
Other benefits	1,814	2,768
	<u>1,182,399</u>	<u>1,787,793</u>

Notes:

- (a) For the year ended 31 March 2024, the cost of services, amongst others, includes labour costs, depreciation and write-down of inventories totalling HK\$1,156,817,000 (2023: HK\$1,780,590,000).
- (b) Provision for employee benefits includes unutilised annual leave payments, estimated redundancy cost, estimated long service payments, and gratuity.

8. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Payment of final dividend in respect of the year ended 31 March 2023 of 1.22 HK cents per share	6,100	–
Payment of final dividend in respect of the year ended 31 March 2022 of 5.0 HK cents per share	–	25,000
	6,100	25,000

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2024 of 0.94 HK cents per share, in an aggregate amount of HK\$4,700,000, has been proposed by the directors of the Company 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	17,259	30,550
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	500,000	500,000

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 2024 and 2023 as there were no dilutive potential ordinary share in issue for both years.

10. ACCOUNT RECEIVABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Account receivables	262,368	343,185
Allowance for account receivables	(2,337)	(2,787)
	<u>260,031</u>	<u>340,398</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 of the Company.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	224,543	291,015
91 to 180 days	29,973	43,239
181 days to 1 year	4,142	6,381
Over 1 year	3,710	2,550
	<u>262,368</u>	<u>343,185</u>

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

11. ACCOUNT PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 30 days	11,913	14,017
31 to 60 days	5,524	13,420
61 to 90 days	510	816
Over 90 days	59	38
	<u>18,006</u>	<u>28,291</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 Islands, 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\$1,564.2 million for the year ended 31 March 2024, representing a decrease of 31.4% compared with that of last year. The Group's overall gross profit margin increased from approximately 5.5% to 6.4%. Profit for the year decreased by approximately HK\$13.3 million or 43.5% from approximately HK\$30.6 million for the year ended 31 March 2023 to approximately HK\$17.3 million for the year ended 31 March 2024. The decrease in revenue and profit was mainly attributable to (i) certain government contracts for the provision of cleaning services not being successfully renewed, which caused a decrease in revenue generated from our government customers, which in turn resulted in a decrease in overall gross profit; (ii) the decrease by approximately HK\$4.3 million in subsidies received from the Employment Support Scheme of the Government of the HKSAR and other government subsidies for the Year as compared with the year ended 31 March 2023; and (iii) the magnitude of decrease in certain fixed costs of the Group during the Year was less than the decline in revenue for the Year.

BUSINESS REVIEW AND PROSPECTS

During the Review Year, despite the market economic activities gradually resumed, the overall consumption in the market remained weak and economic recovery of Hong Kong has been weaker and slower than expected due to the effect of the global economic inflation and the tension in geopolitical conditions together with the fact that "travelling to mainland China for spending" has become the daily lifestyle of most people in Hong Kong. The weakened economy has caused various industries to face different operating difficulties, leading to some participants which were originally not in the government cleaning service market to shift their focuses to the government customer market, which intensified the competition. The Group is actively recruiting talents to build a high-end commercial sector team and striving to improve service quality to expand the sources of income in the intensely competitive government sector market. During the Review Year, the Group achieved breakthrough progress in the premium customer sector and successfully won the cleaning contract for the largest landmark shopping mall in the East Kowloon district, obtained for the first time the housekeeping management contract for a five-star hotel in the Kowloon district, and after the Review Year, secured cleaning contracts for major projects such as an international large bank. At the same time, the Group has also been actively expanding new government sector customers and has secured cleaning contracts from the Hong Kong Police Force and the Hong Kong Housing Authority.

For the garbage logistics business, with the dedicated efforts of our specialized operation team and allocation of sufficient resources, service revenue maintained substantial growth during the Year. The Group successfully maintained its leading position in garbage logistics services for the cargo terminal of the Hong Kong Airport during the Year, and successfully obtained a five-year contract for waste collection services for government in Tai Po district for the first time in the name of the Group's subsidiary, Johnson Environmental Company Limited, which was a significant milestone for the subsidiary's further development in the government customer market in the future. Besides, the Group has also successfully secured its first large-scale food waste recycling contract, which indicated the continuing growth of the Group's liquid garbage logistics business. Affected by the new contracts, service revenue for the garbage logistics business increased significantly during the Review Year and profitability continued to improve.

On the other hand, the Group continues to actively develop its professional pest management business in view of the numerous pest and rodent problems in Hong Kong. Unlike general pest control services, integrated pest management is a holistic approach to pest risk management using early prevention and control measures, coupled with good hygiene procedures and continuous and extensive supervision, thereby reducing the risk of potential pest infection. Since its establishment, Johnson Professional Services Company Limited has been steadily developing, and new cross-selling opportunities have emerged between its professional pest management and quality disinfection services to its customers and its main cleaning business, and synergy was achieved.

In addition to continuing to develop its existing businesses, the Group has commenced its security guarding business in response to market demand, thereby leveraging its existing resources to achieve diversified business development. At present, the Group has gradually established its own team and obtained relevant licenses. In the future, the Group will provide security guarding services to various customers under the name of Wyson Security Services Limited (formerly known as i-Clean Limited). It is believed that such business will become a new profit growth point of the Group. At the same time, the Company has gradually withdrawn from the distribution agency business to focus on the development of its main business and optimize its overall business structure.

During the Review Year, the Group's business scale in government sector declined due to market competition, while the commercial line business continued to make breakthrough. In order to consolidate its core business, the Group has endeavored to enhance service quality, aiming to win the trust of its customers and the community by virtue of its quality service. At the same time, the Group has also seized the opportunity of the reduction in business scale to optimize its back-office staff, thereby continuously optimizing its organizational structure and maintaining its competitiveness. We will continue to maintain cleaning as our core business, develop new businesses to enrich the Group's business structure, and advance the overall business development.

FINANCIAL REVIEW

Revenue

The Group's revenue for the years ended 31 March 2024 and 2023 were approximately HK\$1,564.2 million and HK\$2,280.2 million respectively, representing a decrease of approximately HK\$716.0 million or 31.4%. The decrease was mainly due to the decline in revenue generated from our government customers because of certain government contracts for the provision of cleaning services not being successfully renewed. On the other hand, the Group reported stable results from non-government customers for our cleaning business.

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 2024 and 2023, the cost of services amounted to approximately HK\$1,463.4 million and HK\$2,153.8 million respectively, representing approximately 93.6% and 94.5% of the Group's revenue for the corresponding years respectively. The percentage of cost of services to the Group's revenue decreased by approximately 0.9% mainly due to the decrease in overall labour costs during the Year.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2024 was approximately HK\$100.8 million, representing a decrease of approximately HK\$25.6 million or 20.3% from approximately HK\$126.4 million for the year ended 31 March 2023. The decrease was mainly due to the decline in overall revenue.

The gross profit margins of the Group for the years ended 31 March 2024 and 2023 were approximately 6.4% and 5.5% respectively. As mentioned above, the increase in gross profit margin was mainly due to the decrease in overall labour costs during the Year.

Administrative expenses

The administrative expenses of the Group for the years ended 31 March 2024 and 2023 were approximately HK\$87.7 million and HK\$91.7 million respectively, representing a decrease of approximately HK\$4.0 million or 4.4%. The decrease was mainly due to the implementation of budget cost control measures and optimizing various administrative measures to reduce administrative costs during the Year.

Finance costs

The finance costs represented primarily the interest expenses on bank and other borrowings with floating interest rates. The finance costs amounted to approximately HK\$3.0 million and HK\$6.9 million for the years ended 31 March 2024 and 2023 respectively, representing approximately 0.2% and 0.3% of the Group's total revenue respectively. The slight decrease was mainly due to the Company's effective utilization of the cash on hand during the Year, which reduced the need for external borrowings.

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 2024 and 2023 were approximately HK\$17.3 million and HK\$30.6 million respectively, representing a decrease of approximately HK\$13.3 million or 43.5%. The decrease was mainly due to combined effect of the 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 2024, the capital structure of the Group consisted of equity of approximately HK\$596.3 million (31 March 2023: HK\$586.5 million), bank and other borrowings of approximately HK\$17.0 million (31 March 2023: HK\$28.3 million) and lease liabilities of approximately HK\$8.7 million (31 March 2023: HK\$15.8 million).

Account receivables

As at 31 March 2024, the Group had net account receivables of approximately HK\$260.0 million (31 March 2023: HK\$340.4 million) which decreased in line with the decrease in revenue. The Group does not expect any material difficulty in collecting payment from such customers and will continue to improve credit and collections management.

Cash position and fund available

During the year ended 31 March 2024, the Group maintained a healthy liquidity position, with working capital being financed by operating cash flows. As at 31 March 2024, the Group's cash and cash equivalents were approximately HK\$427.0 million (31 March 2023: HK\$455.0 million). The Group pledged bank deposits of approximately HK\$30.5 million (31 March 2023: HK\$29.6 million) to secure the Group's banking facilities. As at 31 March 2024, the current ratio of the Group was approximately 3.2 times (31 March 2023: 2.5 times).

Accruals, other payables and provisions

As at 31 March 2024, the Group had total accruals, other payables and provisions of approximately HK\$189.6 million (31 March 2023: HK\$280.6 million). The decrease was mainly due to the decrease in accrued staff costs and provision which was in line with the decrease in revenue.

Bank and other borrowings

As at 31 March 2024, the Group had total bank and other borrowings of approximately HK\$17.0 million (31 March 2023: HK\$28.3 million). As at 31 March 2024, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$1,705.0 million, of which approximately HK\$1,414.8 million was unutilised.

Gearing ratio

As at 31 March 2024, the Group's gearing ratio was approximately 4.3% (31 March 2023: 7.5%), 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 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\$20.5 million and HK\$1.6 million respectively for the years ended 31 March 2024 and 2023 for additions of property, plant and equipment. The capital expenditure was incurred primarily 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 2024, the Group had no capital commitment (31 March 2023: nil).

Charges on the Group's Assets

As at 31 March 2024 and 2023, 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\$74.5 million (31 March 2023: HK\$84.4 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 2024, 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\$290,110,000 (2023: HK\$338,766,000). The performance bonds were secured by the Group's pledged bank deposits, account receivables, financial assets at FVTPL and were guaranteed by the Company.

(b) Litigation

As at 31 March 2024, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees and third parties with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$3,372,000 (2023: HK\$4,303,000). In the opinion of the directors of the Company, the provision of insurance deductibles had been provided for 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 2024, the Group did not make any material acquisition and 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 2024, the Group had over 4,700 employees (31 March 2023: over 7,400 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 2024.

AUDIT COMMITTEE

The Company established the Audit Committee on 3 September 2019 with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Audit Committee comprises three independent non-executive directors of the Company, 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 of the Company had discussed and reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 March 2024.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of 0.94 HK cents per share, in an aggregate amount of HK\$4,700,000, for the year ended 31 March 2024 (2023: 1.22 HK cents per share, in an aggregate amount of HK\$6,100,000). Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the final dividend will be payable on 10 October 2024 to those shareholders whose names appear on the register of members of the Company at the close of business on 16 September 2024, 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 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2024, the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 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 2024 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 2024. 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 in this annual results announcement.

ANNUAL GENERAL MEETING

The 2024 annual general meeting (the "AGM") will be held on Friday, 6 September 2024. Notice of the AGM will be published and issued to the shareholders of the Company 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 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 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, 30 August 2024
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Closure of the register of members	Monday, 2 September 2024 to Friday, 6 September 2024 (both days inclusive)
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- (ii) Subject to the passing of the proposal for distributing the final dividend at the 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, 12 September 2024
Record date	Monday, 16 September 2024
Closure of the register of members	Friday, 13 September 2024 to Monday, 16 September 2024 (both days inclusive)

For the above purposes, all properly completed transfer forms accompanied by the relevant share certificate(s) must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than the aforementioned latest time.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the shareholders, investors and business partners' support and trust, and all employees for their dedication and hard work.

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

Hong Kong, 27 June 2024

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