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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF VEHICLES**

THE ACQUISITIONS

On 25 September 2024 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) entered into a total of thirty-six Vehicle Purchase Agreements with the Vendors (each being a wholly-owned subsidiary of Man Shing), pursuant to which the Vendors agreed to dispose of and the Purchaser agreed to purchase the Vehicles at an aggregate consideration of HK\$7,496,000.00. The Vehicles acquired are transportation vehicles which are intended to be used by the Group for provision of cleaning services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors, Man Shing, and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Since the transactions contemplated under the Vehicle Purchase Agreements were entered into with the same party within a 12-month period, the transactions thereunder shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisitions exceeds 5% but are less than 25% for the purpose of Rule 14.06 of the Listing Rules, the Acquisitions on an aggregated basis constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

However, due to an inadvertent oversight, the Vehicle Purchase Agreements have not been notified and announced by the Company in a timely manner in accordance with Rule 14.34 of the Listing Rules. In order to ensure that the Company will fully comply with the requirements under Chapter 14 of the Listing Rules and prevent the occurrence of similar incidents, the Company will take certain remedial measures to strengthen the reporting system and internal control procedures of the Group.

On 25 September 2024 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) entered into a total of thirty-six Vehicle Purchase Agreements with the Vendors (each being a wholly-owned subsidiary of Man Shing), pursuant to which the Vendors agreed to dispose of and the Purchaser agreed to purchase the Vehicles at an aggregate consideration of HK\$7,496,000.00. The Vehicles are transportation vehicles which are intended to be used by the Group for the provision of cleaning services.

The principal terms of the Acquisitions are as follows:

Vehicle Purchase Agreements A

Date: 25 September 2024

Parties: (1) Vendor A; and
(2) the Purchaser

Subject matter (Vehicles A): (1) Seven ISUZU tailboard lorries (揸斗尾板); and
(2) Two Foton shadow vehicles (箭咀車)

Aggregate consideration for Vehicle Purchase Agreements A: HK\$3,086,000

Payment term: A total of HK\$3,086,000 shall be payable by the Purchaser on or before 30 September 2024

Vehicle Purchase Agreements B

Date: 25 September 2024

Parties: (1) Vendor B; and
(2) the Purchaser

Subject matter (Vehicles B): (1) One ISUZU tailboard lorry (揸斗尾板); and
(2) Nineteen Hyundai vans

Aggregate consideration for Vehicle Purchase Agreements B: HK\$2,742,000

Payment term: A total of HK\$2,742,000 shall be payable by the Purchaser on or before 30 September 2024

Vehicle Purchase Agreements C

Date: 25 September 2024

Parties: (1) Vendor C; and
(2) the Purchaser

Subject matter (Vehicles C): Six Hyundai vans

Aggregate consideration for Vehicle Purchase Agreements C: HK\$828,000

Payment term: A total of HK\$828,000 shall be payable by the Purchaser on or before 30 September 2024

Vehicle Purchase Agreement D

Date: 25 September 2024

Parties: (1) Vendor D; and
(2) the Purchaser

Subject matter (Vehicle D): One UD grab-mounted lorry (夾車)

Consideration for Vehicle Purchase Agreement D: HK\$840,000

Payment term: A total of HK\$840,000 shall be payable by the Purchaser on or before 30 September 2024

CONSIDERATION

The aggregate consideration for the Vehicles to be acquired from the Vendors is HK\$7,496,000.00 and shall be satisfied by the Purchaser to the Vendors pursuant to the terms of the relevant Vehicle Purchase Agreement(s). The Consideration was determined after arm's length negotiations between the Purchaser and each Vendor with reference to the prevailing market prices of the relevant vehicles and number of years in use.

Pursuant to the terms of the Vehicle Purchase Agreements, completion of the Acquisitions shall take place after (a) the procedures for change of ownership as required by the Transport Department of Hong Kong are completed; when (b) the Consideration is paid by the Purchaser to all of the Vendors on or before 30 September 2024; and (c) the Vehicles are delivered by the Vendors to the Purchaser. As of the date of the announcement, the Vehicles are undergoing the procedures for change of ownership as required by the Transport Department of Hong Kong.

FINANCIAL EFFECTS OF THE ACQUISITIONS AND USE OF ASSETS

Based on the aggregate consideration for the Vehicles to be acquired from the Vendors being HK\$7,496,000.00 which is funded by cash, it is estimated that the Company will record an increase in the property, plant and equipment and at the same time a decrease in bank and cash balances from the Acquisitions, being the same as the aggregate consideration for the Acquisitions. The Consideration is satisfied by the internal resources of the Group.

INFORMATION ON MAN SHING AND THE VENDORS

To the best of the knowledge, information and belief of the Directors,

- (A) Man Shing, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM of the Stock Exchange, is principally engaged in cleaning services;
- (B) Vendor A, Vendor B, Vendor C and Vendor D are indirect wholly-owned subsidiaries of Man Shing and their principal business activities are provision of waste collecting services, cleaning services and cleaning services and investment holding, respectively.

INFORMATION ON THE PURCHASER AND THE COMPANY

The Purchaser, Johnson Cleaning Services Company Limited, is a company incorporated under the laws of Hong Kong and indirectly wholly-owned by the Company. The principal business activity of the Purchaser is providing cleaning, janitorial and other related services in Hong Kong.

The Company, a company incorporated in the Cayman Islands with limited liability, together with its subsidiaries, is a leading environmental hygiene service provider which scope of service covers the whole of Hong Kong, with cleaning services offered including buildings and campus cleaning, parks and recreation centres cleaning, street cleaning, disinfection coating services, pest management services, garbage logistics services and environmental improvement services.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

As a leading environmental hygiene service provider whose scope of service covers the whole Hong Kong, the Group purchases specialised cleaning vehicles and transportation vehicles from time to time to support its usual course of business and business development and growth. In anticipation of the recently awarded government contracts, the Group has to ensure that there would be sufficient specialised cleaning vehicles and transportation vehicles to fulfil its tendering obligations under these recently awarded government contracts. To that end, the Group has thus been exploring opportunities to acquire specialised transportation vehicles to expand its service capabilities. As compared to purchase of brand-new vehicles, the Group considers acquiring pre-owned vehicles is more preferable as their pricing is usually more competitive, and the pre-owned vehicles will still be useful to the Group for its other cleaning projects after the expiry of the aforesaid government contracts. Having considered the above reasons, the Directors consider that the terms of the Vehicle Purchase Agreements are on normal commercial terms, and the entering into of the Vehicle Purchase Agreements and the Acquisitions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since the transactions contemplated under the Vehicle Purchase Agreements were entered into with the same party within a 12-month period, the transactions thereunder shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisitions exceeds 5% but is less than 25% for the purpose of Rule 14.06 of the Listing Rules, the Acquisitions on an aggregated basis constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

However, due to an inadvertent oversight, the Vehicle Purchase Agreements have not been notified and announced by the Company in a timely manner in accordance with Rule 14.34 of the Listing Rules. The failure to make timely disclosure was due to an inadvertent oversight by the contract management department for vehicle purchase of the Group that none of the applicable percentage ratios of the Acquisitions on an aggregated basis exceeded 5% for the purpose of Rule 14.06 of the Listing Rules at the time when the Vehicle Purchase Agreements were entered into. Upon further review of the Acquisitions, it came to the Company's attention that the Acquisitions on an aggregate basis constitute discloseable transactions for the Company as the consideration ratio slightly exceeds 5% but less than 25% for the purpose of Rule 14.06 of the Listing Rules and thus are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

REMEDIAL ACTION

In order to ensure that the Company will fully comply with the requirements under Chapter 14 of the Listing Rules and prevent the occurrence of similar incidents, the Company will take the following remedial measures to strengthen the reporting system and internal control procedures of the Group:

- a. The Company will review, enhance and continue to monitor the relevant internal control measures of the Group including but not limited to contract signing procedures of vehicles purchase agreement(s) to ensure any potential notifiable transaction(s) would be promptly reported to the finance department of the Company which shall further assess the Listing Rules implications and make sure the proposed transaction(s) will be conducted in a manner that aligns with the necessary requirements under the Listing Rules;
- b. An internal memorandum will be circulated to the Directors, senior management members, accounting, business and financial personnel, including contract management personnel of the Group to remind them of the compliance obligations under the Listing Rules immediately before execution of any agreements of vehicle purchase;
- c. Trainings will be arranged for the Directors, senior management members and accounting, business and financial personnel, including contract management personnel of the Group in relation to the regulatory and compliance matters under the Listing Rules, particularly those concerning continuing obligations, notifiable and connected transactions, to increase their awareness and knowledge of the Listing Rules; and
- d. the Company will work closely with all of the Group's directors, senior management members and the Group will seek advice from its legal adviser from time to time and as and when necessary.

DEFINITIONS

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

“Acquisitions”	the acquisitions of the Vehicles by the Purchaser from the Vendors pursuant to the terms of the Vehicle Purchase Agreements
“Board”	the board of Directors
“Company”	Hong Kong Johnson Holdings Co., Limited 香港莊臣控股有限公司 (stock code: 1955), a company incorporated in the Cayman Island with limited liability and the issued Shares of which are listed on the Main Board
“connected person(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Consideration”	an aggregate consideration of HK\$7,496,000.00 payable by the Company to the Vendors pursuant to the Vehicle Purchase Agreements
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Main Board”	the Main Board of the Stock Exchange
“Man Shing”	Man Shing Global Holdings Limited 萬成環球控股有限公司 (stock code: 8309), a company incorporated in the Cayman Island with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange
“Purchaser”	Johnson Cleaning Services Company Limited, a company incorporated under the laws of Hong Kong and is indirectly wholly-owned by the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vehicle Purchase Agreements A”	nine vehicle purchase agreements entered into between the Vendor A and the Purchaser on 25 September 2024 respectively in respect of the sale and purchase of each of the Vehicles A

“Vehicle Purchase Agreements B”	twenty vehicle purchase agreements entered into between the Vendor B and the Purchaser on 25 September 2024 respectively in respect of the sale and purchase of each of the Vehicles B
“Vehicle Purchase Agreements C”	six vehicle purchase agreements entered into between the Vendor C and the Purchaser on 25 September 2024 respectively in respect of the sale and purchase of each of the Vehicles C
“Vehicle Purchase Agreement D”	the vehicle purchase agreement entered into between the Vendor D and the Purchaser on 25 September 2024 in respect of the sale and purchase of the Vehicle D
“Vehicle Purchase Agreements”	collectively the Vehicle Purchase Agreements A, the Vehicle Purchase Agreements B, the Vehicle Purchase Agreements C and the Vehicle Purchase Agreement D
“Vehicles”	the thirty-six vehicles to be acquired by the Purchaser from the Vendors under the Vehicle Purchase Agreements, namely Vehicles A, Vehicles B, Vehicles C and Vehicle D
“Vehicles A”	the nine vehicles to be acquired by the Purchaser from the Vendor A under the Vehicle Purchase Agreements A
“Vehicles B”	the twenty vehicles to be acquired by the Purchaser from the Vendor B under the Vehicle Purchase Agreements B
“Vehicles C”	the six vehicles to be acquired by the Purchaser from the Vendor C under the Vehicle Purchase Agreements C
“Vehicle D”	the vehicle to be acquired by the Purchaser from the Vendor D under the Vehicle Purchase Agreement D
“Vendors”	collectively Vendor A, Vendor B, Vendor C and Vendor D
“Vendor A”	Man Shing Environmental Company Limited (萬成環保處理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Man Shing
“Vendor B”	Jasen Services Limited (駿誠服務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Man Shing
“Vendor C”	Matrix International Investments Limited (萬誠國際投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Man Shing

“Vendor D”

Man Shing Cleaning Service Company Limited (萬成清潔服務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Man Shing

“%”

per cent

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

Hong Kong, 3 October 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, Ms. WONG Ling Fong Lisa and Mr. LU Xuefang; 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.