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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Hong Kong Johnson Holdings Co., Ltd. (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with the comparative figures for the corresponding period of 2023 as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2024	2023	Change
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	
Revenue	714,234	822,032	(13.1%)
Gross profit	43,786	40,309	8.6%
Gross profit margins (%)	6.1%	4.9%	1.2%
Profit and other comprehensive income for the period attributable to the equity holders of the Company	9,233	9,623	(4.1%)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	714,234	822,032
Cost of services		<u>(670,448)</u>	<u>(781,723)</u>
Gross profit		43,786	40,309
Other income	6	4,553	3,466
Other gains, net		228	1,950
Reversal of allowance for account receivables		840	58
Administrative expenses		<u>(38,704)</u>	<u>(32,580)</u>
Profit from operations		10,703	13,203
Finance costs	7	<u>(485)</u>	<u>(2,090)</u>
Profit before tax		10,218	11,113
Income tax expense	8	<u>(985)</u>	<u>(1,490)</u>
Profit and other comprehensive income for the period attributable to equity holders of the Company		<u>9,233</u>	<u>9,623</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents per share)	11	<u>1.8</u>	<u>1.9</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	71,232	68,445
Right-of-use assets		23,353	28,096
Financial assets at fair value through profit or loss ("FVTPL")		12,785	12,649
Deferred tax assets		156	156
		<hr/>	<hr/>
Total non-current assets		107,526	109,346
		<hr/>	<hr/>
Current assets			
Account receivables	13	355,001	260,031
Prepayments, deposits and other receivables		13,311	10,959
Inventories		–	6
Pledged bank deposits		30,924	30,523
Bank and cash balances		314,884	426,967
		<hr/>	<hr/>
Total current assets		714,120	728,486
		<hr/>	<hr/>
Current liabilities			
Account payables	14	22,139	18,006
Accruals, other payables and provisions		168,951	189,632
Dividend payable		4,700	–
Bank and other borrowings	15	7,547	8,997
Lease liabilities		4,788	6,493
Current tax liabilities		1,736	1,850
		<hr/>	<hr/>
Total current liabilities		209,861	224,978
		<hr/>	<hr/>
Net current assets		504,259	503,508
		<hr/>	<hr/>
Total assets less current liabilities		611,785	612,854
		<hr/>	<hr/>

		At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Non-current liabilities			
Provisions		318	608
Bank and other borrowings	15	4,553	7,984
Lease liabilities		205	2,168
Deferred tax liabilities		5,896	5,814
		<hr/>	<hr/>
Total non-current liabilities		10,972	16,574
		<hr/>	<hr/>
NET ASSETS		600,813	596,280
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	16	5,000	5,000
Reserves		595,813	591,280
		<hr/>	<hr/>
TOTAL EQUITY		600,813	596,280
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 9 July 2018. The address of its registered office in the Cayman Islands is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The address of its registered office and principal place of business in Hong Kong is 11/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are engaged in provision of cleaning, janitorial and other related services.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2024. Except as described below, the accounting policies (including the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2024.

3. AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 April 2024:

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

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

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

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

(b) Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. SEGMENT INFORMATION

The Group has carried on a single business, which is provision of cleaning, janitorial and other related services in Hong Kong. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

Geographical information:

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the period.

5. REVENUE

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements for the year ended 31 March 2024. The Group's revenue is derived from cleaning, janitorial and other related services income.

Disaggregation of revenue:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Cleaning, janitorial and other related services income	<u>714,234</u>	<u>822,032</u>
Timing of revenue recognition		
Services transferred over time	<u><u>714,234</u></u>	<u><u>822,032</u></u>

6. OTHER INCOME

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	4,492	3,099
Dividend income from financial assets at FVTPL	61	44
Sundry income	<u>–</u>	<u>323</u>
	<u><u>4,553</u></u>	<u><u>3,466</u></u>

7. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on lease liabilities	159	292
Interest on bank and other borrowings	326	1,798
	485	2,090

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax Provision for the period	903	2,261
Deferred tax	82	(771)
	985	1,490

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 six months ended 30 September 2024 and 2023.

9. PROFIT FOR THE PERIOD

The Group's profit for the period is stated at after charging/(crediting) the followings:

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	10,468	9,799
Depreciation of right-of-use assets	2,463	2,900
Gain on disposals/written-offs of property, plant and equipment, net	(92)	(1,859)
Reversal of allowance for account receivables	(840)	(58)
Expenses relating to short-term lease payments	223	287
	<u> </u>	<u> </u>

10. DIVIDENDS

The directors do not declare any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

The final dividend of 0.94 HK cent per ordinary share for the year ended 31 March 2024 was approved by the shareholders at the annual general meeting of the Company held on 12 September 2024 and was subsequently paid on 10 October 2024.

11. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company for the purpose of calculating basic earnings per share	9,233	9,623
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic 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 as there were no dilutive potential ordinary shares in issue for the six months ended 30 September 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of approximately HK\$11,021,000 (six months ended 30 September 2023: HK\$17,924,000).

13. ACCOUNT RECEIVABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Account receivables	356,498	262,368
Allowance for account receivables	<u>(1,497)</u>	<u>(2,337)</u>
	<u>355,001</u>	<u>260,031</u>

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Up to 90 days	308,385	224,543
91 to 180 days	30,266	29,973
181 days to 1 year	12,580	4,142
Over 1 year	<u>5,267</u>	<u>3,710</u>
	<u>356,498</u>	<u>262,368</u>

14. ACCOUNT PAYABLES

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Up to 30 days	20,093	11,913
31 to 60 days	1,199	5,524
61 to 90 days	664	510
Over 90 days	183	59
	<u>22,139</u>	<u>18,006</u>

15. BANK AND OTHER BORROWINGS

The bank and other borrowings are repayable as follows:

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Within one year	7,547	8,997
More than one year, but not exceeding two years	4,553	6,531
More than two years, but not more than five years	–	1,453
	<u>12,100</u>	<u>16,981</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(7,547)</u>	<u>(8,997)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>4,553</u>	<u>7,984</u>

The interest rates per annum are as follows:

	At 30 September 2024 (unaudited)	At 31 March 2024 (audited)
Bank and other borrowings	4.23% to 4.72%	4.23% to 4.92%

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each		
At 31 March 2024 (audited) and 30 September 2024 (unaudited)	<u>3,000,000,000</u>	<u>30,000</u>
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 31 March 2024 (audited) and 30 September 2024 (unaudited)	<u>500,000,000</u>	<u>5,000</u>

17. CONTINGENT LIABILITIES

(a) Performance bonds

As at 30 September 2024 and 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\$273,127,000 (unaudited) and HK\$290,110,000 (audited), respectively. The performance bonds were secured by the Group's pledged bank deposits and financial assets at FVTPL and were guaranteed by the Company.

(b) Litigations

As at 30 September 2024 and 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\$3,023,000 (unaudited) and HK\$3,372,000 (audited), respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

18. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related party during the period:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Compliance advisor fee paid to a related company (<i>note</i>)	180	180

Note: The related company and the Company have a common controlling shareholder – Zhuhai Huafa Group Company Limited.

- (b) The remuneration of directors and other members of key management personnel during the period is as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Basic salaries and allowances	2,696	5,101
Bonuses	783	–
Retirement benefit scheme contributions	100	187
	3,579	5,288

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is a leading environmental hygiene service provider with coverage spanning across Hong Kong Island, 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 security guarding services.

The Group recorded a revenue of approximately HK\$714.2 million for the six months ended 30 September 2024 (the “**Period**”), representing a decrease of 13.1% compared with the same period last year. The Group’s overall gross profit margin increased from approximately 4.9% to 6.1%, which was mainly due to the decrease in overall labour costs during the Period.

Profit attributable to equity holders of the Company decreased by approximately HK\$0.4 million or 4.1% from approximately HK\$9.6 million for the six months ended 30 September 2023 to approximately HK\$9.2 million for the Period. The decrease was mainly due to decrease in revenue generated from the government customers and the enhancement of the business and operational team to strengthen the Group’s competitive advantages and drive business growth.

BUSINESS REVIEW AND PROSPECTS

During the Period, although market economic activities gradually recovered, the overall consumption strength in the market remained weak due to global inflation and geopolitical tensions, coupled with factors such as Hong Kong’s economy being at a critical transition stage, with Hong Kong residents “going north to consume.” Various industries faced different levels of operating pressure, which persistently affected customers’ procurement decision preferences, leading to intensified competition in the cleaning industry market.

The Group is actively optimising its tendering strategy in the government sector amidst a highly competitive market environment, while recruiting talents to build a high-end commercial team and striving to enhance service quality, in order to expand its sources of income. Since the Period, the Group has secured several large street cleaning contracts in the government sector (including Eastern District, Northern District, Kowloon City District, Kwun Tong District, Southern District, etc.), with contract amounts exceeding HKD2.0 billion. Among them, the new street cleaning contracts, excluding those in the Eastern District, will officially commence services from October to December 2024, with the majority of the revenue and profits are expected to be derived after the Period. The Group is also actively expanding its new government department clientele, having secured cleaning contracts with government

departments such as the Correctional Services Department, Agriculture, Fisheries and Conservation Department, Department of Justice, Environmental Protection Department, and Water Supplies Department. The Group's business scale in the commercial sector has also maintained steady growth, achieving more breakthroughs particularly in the high-end customer sector, securing cleaning service contracts with international large banks, renowned universities, luxury villas, and five-star hotels. In terms of hospital comprehensive services, the Group has also secured a major comprehensive service contract for the first time with a public hospital located in the western New Territories, providing ancillary services such as patient transport, medication delivery, and environmental cleaning. This marks our successful entry into a new sector with higher barriers to entry and vast market potential, signifying the continuous enhancement of the Company's service capabilities and market positioning. For further details, please refer to the Company's announcements dated 13 September 2024 and 25 October 2024.

For the garbage logistics business, with the dedicated efforts of our specialised operation team and allocation of sufficient resources, our business scale has continued to grow. Positively impacted by the new contracts, the service revenue of the garbage logistics business significantly increased during the Period, with continuous improvement in profitability.

Meanwhile, the Group continues to actively develop its professional pest management business. Johnson Professional Services Company Limited (hereinafter referred to as "**Johnson Professional Services**") has been steadily developing since its establishment, providing clients with professional pest management and high-quality disinfection services. It employs early prevention and control measures for pest risk management, coupled with good hygiene procedures and comprehensive and continuous supervision, thereby reducing the risk of potential pest infection.

Since early 2024, following the successful renewal of contracts with a large catering group by Johnson Professional Services, it also committed to exploring new market opportunities, securing service contracts with renowned hotel groups, and larger private hospitals projects in July 2024 to provide professional pest control services. In addition, leveraging our extensive experience in pest control services for clubhouses, we have successfully secured pest control contracts for several long-established private clubhouses and clubs. Professional pest control services have been provided to over 300 customers during the reporting period. Looking ahead to 2025, Johnson Professional Services will continue to expand its customer base and explore more business areas, such as large shopping malls and prepare to develop the formaldehyde removal business.

On the other hand, after analysing and responding to market demands, Wyson Security Services Limited launched its security business and successfully obtained three certifications in a short period: ISO9001 (Quality Management System), ISO14001 (Environmental Management System), and ISO45001 (Occupational Health and Safety Management System). The company has currently established a professional security services team and secured its first large-scale security service contract with an international client, and achieved a breakthrough in government department contracts, realising a business breakthrough. It is believed that this business will become one of the new driving forces for the Group's development.

During the Period, the Group benefited from the optimisation of bidding strategies and the introduction of high-end talents, leading to a stabilisation and rebound in the overall contract scale of the government sector, while simultaneously achieving continuous breakthroughs in commercial sector business. To consolidate our core business, the Group is committed to enhancing service quality with dedication, maintaining an innovative approach, and aiming to earn the trust of all customers and the community through quality services. At the same time, the Group is also actively enhancing internal management, optimising back-office staffing, and improving the level of informatisation to maintain its competitiveness. We will continue to maintain cleaning as the core of our business, further enhance the scale of hospital comprehensive services, garbage logistics, professional pest management, security and other businesses, and develop more new businesses to enrich the Group's business structure, accelerate overall business development, and improve business risk resistance capability.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2024 and 2023 were approximately HK\$714.2 million and HK\$822.0 million respectively, representing a decrease of approximately HK\$107.8 million or 13.1%. The decrease was mainly due to the decrease in revenue generated from government customers as certain government cleaning contracts have been successively completed since October last year, which was partially offset by the significant progress in revenue from the commercial customers.

Cost of services

The cost of services primarily comprised of labour costs, cleaning materials costs and motor vehicles expenses. For the six months ended 30 September 2024 and 2023, the cost of services amounted to approximately HK\$670.4 million and HK\$781.7 million respectively, representing approximately 93.9% and 95.1% of the Group's revenue for the corresponding periods respectively. The percentage of cost of services to the Group's revenue decreased by approximately 1.2% mainly due to the decrease in overall labour costs during the Period.

Gross profit and gross profit margin

The Group's gross profit for the Period was approximately HK\$43.8 million, representing an increase of approximately HK\$3.5 million or 8.6% from approximately HK\$40.3 million for the corresponding period in 2023.

The gross profit margins of the Group for the six months ended 30 September 2024 and 2023 were approximately 6.1% and 4.9% respectively. As mentioned above, the increase in gross profit margin was mainly due to the decrease in overall labour costs.

Administrative expenses

The administrative expenses of the Group for the six months ended 30 September 2024 and 2023 were approximately HK\$38.7 million and HK\$32.6 million respectively, representing a increase of HK\$6.1 million or 18.8%. The increase was mainly due to the enhancement of the business and operational team to strengthen the Group's competitive advantages and drive business growth.

Finance costs

The finance costs represented primarily the interest expenses on bank borrowings with floating interest rates. The finance costs amounted to approximately HK\$0.5 million and HK\$2.1 million for the six months ended 30 September 2024 and 2023 respectively, representing approximately 0.1% and 0.3% of the Group's total revenue respectively. The slight decrease was mainly due to the better cashflow management and reducing reliance on bank borrowings.

Profit for the Period attributable to equity holders of the Company

The Group's profit for the period attributable to equity holders of the Company for the six months ended 30 September 2024 and 2023 were approximately HK\$9.2 million and HK\$9.6 million respectively, representing a decrease of HK\$0.4 million or 4.1%. The decrease was mainly due to decrease in revenue generated from the government customers and the enhancement of the business and operational team to strengthen the Group's competitive advantages and drive business growth.

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through cash inflows from operating activities and bank balances. As at 30 September 2024, the capital structure of the Group consisted of equity of approximately HK\$600.8 million (31 March 2024: HK\$596.3 million), bank and other borrowings of approximately HK\$12.1 million (31 March 2024: HK\$17.0 million) and lease liabilities of approximately HK\$5.0 million (31 March 2024: HK\$8.7 million).

Account receivables

As at 30 September 2024, the Group had net account receivables of approximately HK\$355.0 million (31 March 2024: HK\$260.0 million). The increase was mainly due to the delay in the settlement of account receivables by government sector customers. The slow settlement from our government sector customers for the Period was in line with their historical settlement pattern of which they generally settle their invoices faster near the fiscal year end of the Government of Hong Kong falling in March than other periods of a year. The Group does not expect any material difficulty in collecting payment from such customers and continues to improve credit and collections management.

Cash position and fund available

During the Period, the Group maintained a healthy liquidity position, with working capital being financed by internal funds and bank borrowing. As at 30 September 2024, the Group's cash and cash equivalents were approximately HK\$314.9 million (31 March 2024: HK\$427.0 million); the Group pledged bank deposits of approximately HK\$30.9 million (31 March 2024: HK\$30.5 million) to secure the Group's banking facilities. As at 30 September 2024, the current ratio of the Group was approximately 3.4 times (31 March 2024: 3.2 times).

Accruals, other payables and provisions

As at 30 September 2024, the Group had total accruals, other payables and provisions of approximately HK\$169.0 million (31 March 2024: HK\$189.6 million). The decrease was mainly due to the decrease in accrued staff costs and provision.

Bank and other borrowings

As at 30 September 2024, the Group had total bank and other borrowings of approximately HK\$12.1 million (31 March 2024: HK\$17.0 million). As at 30 September 2024, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$1,735.0 million, of which approximately HK\$236.4 million was unutilised.

Gearing ratio

As at 30 September 2024, the Group's gearing ratio was approximately 2.8% (31 March 2024: 4.3%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts include interest-bearing bank and other borrowings 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\$11.0 million and HK\$17.9 million respectively for the six months ended 30 September 2024 and 2023 for additions of property, plant and equipment. The capital expenditure was principally incurred due to the acquisition of motor vehicles for provision of street cleaning services. It was mainly funded by cash generated from operating activities.

Capital Commitment

As at 30 September 2024, the Group had no capital commitment (31 March 2024: Nil).

Charges on the Group's Assets

As at 30 September 2024, the Group pledged certain property, plant and equipment, bank deposits, right-of-use assets and financial assets at fair value through profit or loss ("FVTPL") 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

As at 30 September 2024 and 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\$273,127,000 (unaudited) and HK\$290,110,000 (audited), respectively. The performance bonds were secured by the Group's pledged bank deposits, and financial assets at FVTPL and were guaranteed by the Company.

(b) Litigations

As at 30 September 2024 and 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\$3,023,000 (unaudited) and HK\$3,372,000 (audited), respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

HUMAN RESOURCES

As at 30 September 2024, the Group had over 5,000 employees (31 March 2024: over 4,700 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 Period.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the Period (six months ended 30 September 2023: Nil).

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial information for the Period has been reviewed by the audit committee of the Company, which currently comprises three independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong, and by the Company's independent auditor RSM Hong Kong, certified public accountants in Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.johnsonholdings.com. The 2024/25 interim report will be available on the websites of the Stock Exchange and the Company before the end of December 2024.

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, 28 November 2024

As at the date of this announcement, the executive Director is Dr. LI Zhuang (Vice President); the non-executive Directors 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 are Mr. FAN Chiu Tat Martin, Dr. GUAN Yuyan, Mr. HONG Kam Le, Mr. LEUNG Siu Hong and Ms. RU Tingting.